



Australian Government  
Tertiary Education Quality  
and Standards Agency

# ANNUAL REPORT 2015-2016

## TEQSA ANNUAL REPORT 2015–2016

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The document must be attributed as the TEQSA Annual Report 2015–2016.

### Contacts

More information about the Tertiary Education Quality and Standards Agency, including electronic versions of this annual report, is available at <<http://www.teqsa.gov.au/news-publications/annual-reports/2016>>.

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### Acknowledgements

This report reflects the efforts of many people. Special thanks go to TEQSA staff involved in contributing and coordinating material.



Australian Government

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Tertiary Education Quality and Standards Agency

Senator the Hon Simon Birmingham  
Minister for Education and Training  
Parliament House  
CANBERRA ACT 2600

1 September 2016

Dear Minister,

As the accountable authority of the Tertiary Education Quality and Standards Agency (TEQSA), we have pleasure in presenting to you the Agency's annual report for the year ended 30 June 2016.

TEQSA's annual report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act). Subsection 46(1) of the PGPA Act requires the accountable authority of the entity to give an annual report to the entity's responsible Minister for presentation to Parliament.

In addition, we, as the accountable authority of TEQSA, present the 2015–16 annual performance statements of TEQSA, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In our opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

Furthermore, we certify that TEQSA:

- (a) has prepared fraud risk assessments and fraud control plans
- (b) has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the Agency
- (c) has taken all reasonable measures to appropriately deal with fraud relating to the Agency.

This report describes the progress made over the course of 2015–16 to advance national action to assure the quality of higher education in Australia. This work continues through the staff of TEQSA and a range of stakeholders in the higher education sector.

Yours sincerely,

**Professor Nicholas Saunders, AO**  
Chief Commissioner

**Professor Cliff Walsh**  
Commissioner

**Ms Linley Martin**  
Commissioner

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# ABOUT THIS REPORT

This report informs Senator the Hon Simon Birmingham, Minister for Education and Training, the Parliament of Australia, the Australian higher education community and the general public about the performance of the Tertiary Education Quality and Standards Agency (TEQSA or the Agency) during the financial year ending 30 June 2016.

Prepared according to parliamentary reporting requirements, the report describes TEQSA's achievements against the purposes and criteria set out in TEQSA's Corporate Plan 2015–19 and the indicators in TEQSA's 2015–16 Portfolio Budget Statements.

It provides information on TEQSA's performance in relation to its stated outcome:

*[To] contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.*

## ► Section 1:

Review by the Chief Commissioner and Chief Executive Officer — reflects on the past year, highlighting significant issues faced by TEQSA and initiatives undertaken, as well as current and future challenges.

## ► Section 2:

Agency overview — provides information about TEQSA and its governance, roles and functions and organisational structure, as well as its approach to risk and standards-based regulation.

## ► Section 3:

Performance review — reports on how TEQSA performed during the reporting period against the purposes set out in the *TEQSA Corporate Plan 2015–19* and its stated outcome and program deliverables contained in the 2015–16 Portfolio Budget Statements.

## ► Section 4:

Management and accountability — provides information on corporate governance, external and internal accountability, human resource management, financial management, purchasing, consultants and contract management, legal services and other activities relevant to the administration of the Agency.

## ► Section 5:

Financial report — presents audited financial statements for the year ending 30 June 2016.

## ► Section 6:

Appendices — includes information relating to TEQSA's staffing and its performance in relation to Australian Government environmental, disability, freedom of information and financial management outcomes.

## ► Section 7:

Indices and references — assists readers to locate and understand information in the annual report.

Glossary of acronyms and abbreviations

page 104

Glossary of terms

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Compliance index

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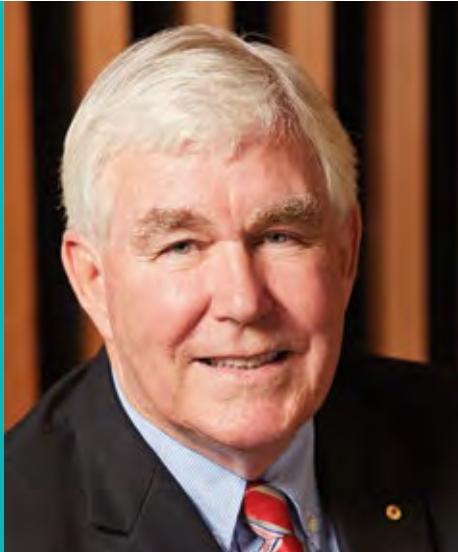
Alphabetical index

page 117

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SECTION 1:

REVIEW BY  
TEQSA  
COMMISSIONERS



REVIEW BY

# TEQSA COMMISSIONERS

THE COMMISSIONERS AS THE  
ACCOUNTABLE AUTHORITY ARE  
VERY PLEASED TO BE PRESENTING  
TEQSA'S FIFTH ANNUAL REPORT

The Commissioners, as the Accountable Authority, are very pleased to be presenting TEQSA's fifth Annual Report, the first under the new reporting framework requiring an analysis of performance against the TEQSA Corporate Plan. It has been another year of change for TEQSA with the commencement of our new CEO, Mr Anthony McClaran, the start of the delegation of regulatory decision-making to TEQSA senior staff and increased engagement with the sector, primarily in preparation for the transition to the new Higher Education Standards Framework on 1 January 2017.

Our volumes of activity were at record levels during 2015-16. There was a 33 per cent increase in the number of applications for assessment received and, despite the challenge of reduced resources, a 4 per cent increase in the number of assessments completed. The increase in completions was achieved due to the delegation of regulatory decision making and the expansion of the Core+ model of assessment to course accreditations, with assessment against a core set of Higher Education Standards for all, and 'plus' elements added according to relative risk. These reforms were made possible by amendments to the TEQSA Act in 2014-15 and the successful implementation of the Core+ model of assessment for renewal of registration applications.

In addition to an increase in the number of applications from registered HE providers, 2015-16 saw growth in the number of applications from entities seeking to become higher education providers. TEQSA received 29 applications in 2015-16 compared with only 10 applications in 2014-15. With nearly 50 more entities expressing an intention to submit an application, the assessment of the ability of new entrants to meet the quality standards will continue to require significant resourcing.

In August 2015, TEQSA met with providers to discuss risks across the sector, the introduction of the Regulator Performance Framework and key matters such as attrition rates in the sector. In October, Anthony McClaran joined TEQSA as CEO. Anthony has brought his deep experience of quality assurance in the UK sector, great energy and a new perspective to the operation of TEQSA, and his engagement with the sector has been well received. In April and May 2016, TEQSA held a series of roundtable discussions around the country, attended by 291 participants from the sector and primarily focussed on the transition to the 2015 Higher Education Standards (Threshold Standards) Framework. For the first time, TEQSA experts were also invited and over 50 experts met with TEQSA representatives to hear how TEQSA would transition to the new Framework, and to discuss their experience as TEQSA experts. In the coming year TEQSA will draw even more deeply on the great knowledge and expertise our experts hold.



## THROUGHOUT 2015-16, TEQSA CONTINUED TO STRENGTHEN ITS LINKS WITH QUALITY ASSURANCE AGENCIES INTERNATIONALLY, INCLUDING VISITS TO COUNTERPARTS IN CHINA, JAPAN AND THE UNITED STATES

TEQSA's engagement with the Australian Skills Quality Authority, the Higher Education Standards Panel, the Department of Education and Training, and relevant Commonwealth regulators has resulted in better information sharing and the monitoring of risks to the quality of education.

We remain committed to providing information and analysis about the Australian higher education sector. In April 2016, TEQSA published the third *Statistics Report on TEQSA Registered Higher Education Providers* following analysis of the 2014-15 sector data and the publication of the first *Key Financial Metrics on Australia's Higher Education Sector*. The transition of the Provider Information Request (PIR) from TEQSA to the Commonwealth Higher Education Information Management System also commenced during 2015-16. The data collected from the 2016 request will be the basis of the next Statistics Report and the 2016 annual risk assessment of registered providers.

Throughout 2015-16, TEQSA continued to strengthen its links with quality assurance agencies internationally, including visits to counterparts in China, Japan and the United States and negotiating a second round of Memoranda of Cooperation with agencies in Singapore, Hong Kong and the UK. These links help TEQSA in its key tasks of protecting and enhancing Australia's international competitiveness in the higher education sector, and help to promote common approaches to regulation and quality assurance across

international borders to the benefit of students and providers alike.

## LOOKING FORWARD

May 2016 brought good news in the form of the 2016-17 Budget, where TEQSA's approved annual appropriation was maintained at \$11.4 million in place of the expected reduction to \$9 million. The 2016-17 Budget also maintained TEQSA's capital budget of \$0.864 million.

The maintenance of funding will help TEQSA manage the increase in the regulatory workload and develop capacity to investigate and respond to emerging risks to quality. However, a continuing reduction in the Agency's APS Average Staffing Level, although partially offset by budget measures and contracted staff, will increase pressure to manage within operating appropriations while meeting the significantly increased level of quality assurance activity required by a diverse and expanding sector.

TEQSA plans to meet these challenges by: reshaping its organisational structure to focus on monitoring emerging risks and the most efficient management of assessments; investing in the tools and systems that support its core functions; and continuing on the journey of refining our risk differentiated regulatory approach.

**Professor Nicholas Saunders AO  
Chief Commissioner  
on behalf of the Accountable Authority**



# FIRST IMPRESSIONS FROM THE CHIEF EXECUTIVE OFFICER

I AM DELIGHTED TO BE CONTRIBUTING THIS FOREWORD TO TEQSA'S ANNUAL REPORT FOR 2015-16

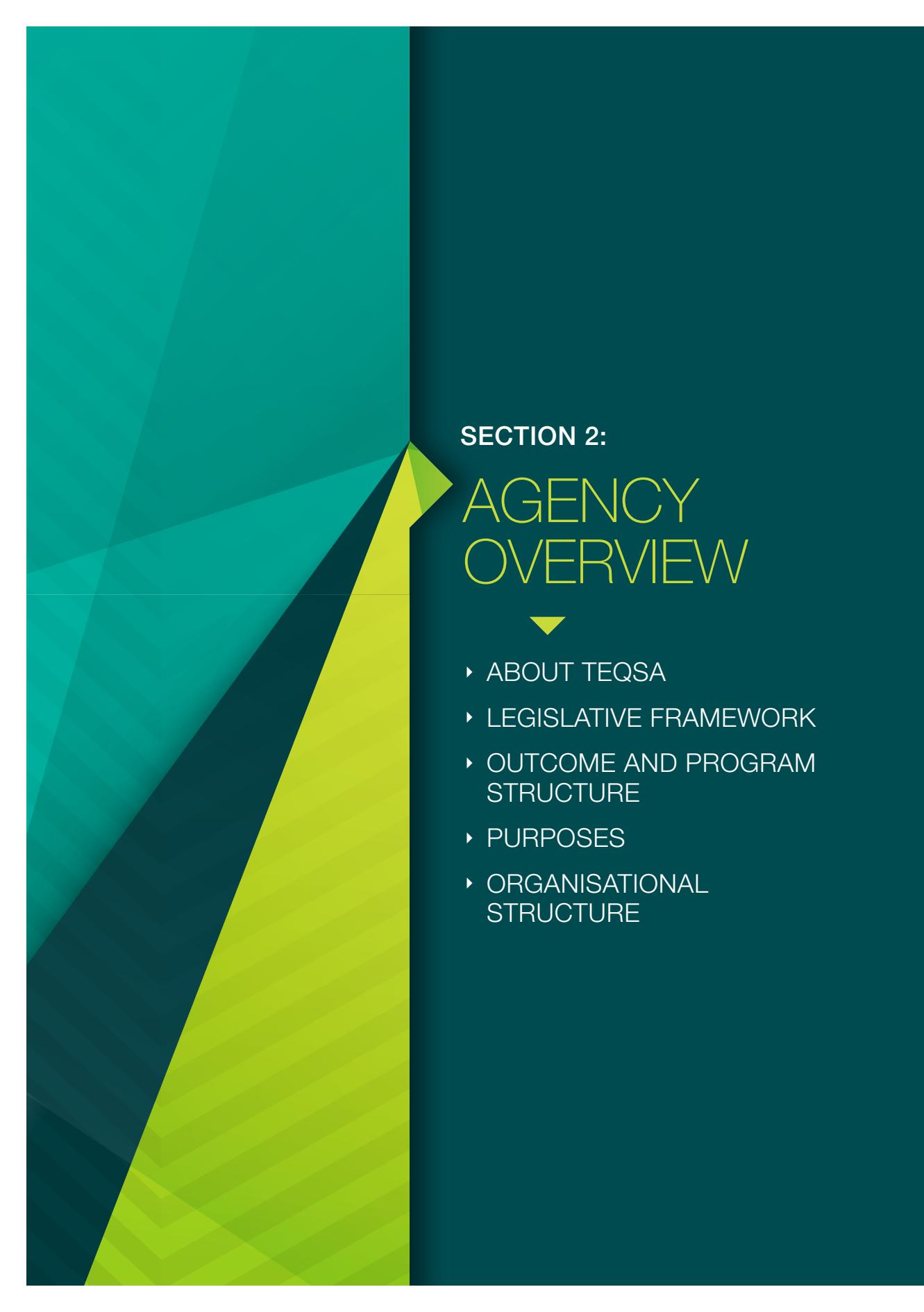
I am delighted to be contributing this foreword to TEQSA's Annual Report for 2015-16. I arrived at the Agency in October after leading the UK's Quality Assurance Agency for Higher Education (QAA) since 2009. I found a warm welcome and would particularly like to thank Ben Johnson, who served as interim CEO and offered much advice and assistance on my arrival. My initial impressions of a resilient organisation, with a strong sense of its purpose, have been confirmed over subsequent months, as TEQSA has responded positively to record levels of regulatory activity by further development of its risk-based, proportionate approach to the quality assurance of Australian higher education.

As CEO I have been working closely with the Commissioners to build on their work in TEQSA's relationships with all those who share the commitment to protect and enhance the high reputation Australia's HE sector rightly enjoys, at home and internationally: the providers of course, the peak bodies, government, professional organisations and the students. Australia's sector is outward-looking and international, and so is TEQSA, as we continue to expand our network of agreements with overseas regulatory and quality assurance agencies.

Ahead lie challenges: implementing the new Higher Education Standards Framework, robustly maintaining the 'high front gate' for sector entry, and working effectively with partner regulators in key areas like dual-sector providers and teacher education. In meeting them, and the others that will arise, I know I've joined, and lead, a strong team.

**Anthony McClarlan**  
**Chief Executive Officer**

► AUSTRALIA'S SECTOR IS OUTWARD-LOOKING AND INTERNATIONAL, AND SO IS TEQSA, AS WE CONTINUE TO EXPAND OUR NETWORK OF AGREEMENTS WITH OVERSEAS REGULATORY AND QUALITY ASSURANCE AGENCIES



## SECTION 2:

# AGENCY OVERVIEW



- ABOUT TEQSA
- LEGISLATIVE FRAMEWORK
- OUTCOME AND PROGRAM STRUCTURE
- PURPOSES
- ORGANISATIONAL STRUCTURE

## ABOUT TEQSA

The Tertiary Education Quality and Standards Agency (TEQSA) is Australia's independent national quality assurance and regulatory agency for higher education. TEQSA was established on 29 January 2012 under the *Tertiary Education Quality and Standards Agency Act 2011* (the Act).

TEQSA's role is to ensure that quality standards are being met by all higher education providers so that the interests of students and the reputation of Australia's higher education sector are promoted and protected. TEQSA takes a risk-based approach to planning and implementing its assessments of provider compliance with these standards.

All providers of higher education – universities and non-universities alike – that offer higher education qualifications in or from Australia, must be registered by TEQSA. Providers that do not have self-accrediting authority, which is virtually all of the non-university providers at present, must also have their courses of study accredited by TEQSA.

## LEGISLATIVE FRAMEWORK

The Act is the primary basis of TEQSA's powers. The objects of the Act are to:

- ▶ provide for national consistency in the regulation of higher education
- ▶ regulate higher education using a standards-based quality framework and principles relating to regulatory necessity, risk and proportionality
- ▶ protect and enhance Australia's reputation for and international competitiveness in higher education, as well as excellence, diversity and innovation in higher education in Australia
- ▶ encourage and promote a higher education system that is appropriate to meet Australia's social and economic needs for a highly educated and skilled population
- ▶ protect students undertaking, or proposing to undertake higher education, by requiring the provision of quality higher education
- ▶ ensure that students have access to information relating to higher education in Australia.

### TEQSA'S VISION

TEQSA IS RECOGNISED IN AUSTRALIA AND INTERNATIONALLY FOR ITS EFFECTIVE, RESPONSIVE AND RISK-REFLECTIVE APPROACH TO STANDARDS-BASED QUALITY ASSURANCE AND FOR THE CONTRIBUTION IT MAKES TO SUSTAINING THE REPUTATION OF AUSTRALIAN HIGHER EDUCATION.

### TEQSA'S MISSION

TO SAFEGUARD STUDENT AND PROVIDER INTERESTS BY ASSURING THE QUALITY OF AUSTRALIAN HIGHER EDUCATION THROUGH A PROPORTIONATE RISK-BASED APPROACH WHICH ALLOWS HIGHER EDUCATION PROVIDERS TO PURSUE THEIR INDIVIDUAL MISSIONS AND ENCOURAGES DIVERSITY, INNOVATION AND EXCELLENCE.

TEQSA assures the quality of registered higher education providers through nationally consistent regulation and meets the object of the Act through:

- ▶ monitoring and overseeing the quality, risks and reputation of Australian higher education overall
- ▶ delivering efficient, effective, responsive, risk-based quality assurance and regulatory activities
- ▶ building constructive and collaborative relationships with governments, higher education providers and other stakeholders
- ▶ encouraging and supporting effective internal quality assurance by providers.

TEQSA also has responsibility, as a designated authority under the *Education Services for Overseas Students Act 2000* (ESOS Act), for English Language Intensive Courses for Overseas Students (ELICOS) providers if they have an entry arrangement with a registered higher education provider, and for Foundation Program providers. TEQSA has the authority to assess and make a final decision on all ESOS regulatory activities, including:

- ▶ initial registration and renewal of registration by a provider
- ▶ changes to registration, including the addition of courses and changes in student capacity.

TEQSA is an independent quality assurance and regulatory agency, subject to several Acts and legislative instruments including (but not limited to) the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), *Public Service Act 1999*, *Work Health and Safety Act 2011*, *Safety, Rehabilitation and Compensation Act 1988* and *Freedom of Information Act 1982*.

## STANDARDS-BASED AND RISK-REFLECTIVE REGULATION

Australia's regulatory system for higher education uses a standards-based quality framework and reflects the risks to the sector and particular to each provider. The *Higher Education Standards Framework (Threshold Standards) 2011* (2011 HE Standards Framework) are determined by the Minister for Education and Training on advice from an independent Higher Education Standards Panel.

TEQSA's role is to assure that the relevant Standards are being met by all registered higher education providers. It does this primarily through registration/re-registration processes and through course accreditation/re-accreditation processes for providers without the authority to accredit their own courses.

The TEQSA and ESOS Acts provide the legislative framework for TEQSA's work. The legislative framework for both Acts incorporates the use of the following quality standards:

- ▶ the 2011 HE Standards Framework
- ▶ National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code)
- ▶ the National Standards for Foundation Programs
- ▶ the ELICOS National Standards.

► **TEQSA'S ROLE IS TO  
ASSURE THAT THE RELEVANT  
STANDARDS ARE BEING MET  
BY ALL REGISTERED HIGHER  
EDUCATION PROVIDERS**

## THE REGULATORY PRINCIPLES AND HOW THEY ARE APPLIED

Under the TEQSA Act, TEQSA must comply with three regulatory principles:

REGULATORY NECESSITY	TEQSA takes regulatory action only where there is no effective alternative way to achieve compliance with the HE Standards Framework by a provider. In making decisions, the Commissioners consider the particular circumstances of a provider and ensure the regulatory response is the most effective and the least burdensome means of addressing the provider's compliance with the Standards.
REFLECTING RISK	TEQSA's decisions reflect the risk of non-compliance with the HE Standards Framework. Its risk-reflective approach helps TEQSA to focus on areas of higher risk and reduce compliance burden on the sector where possible. Risk assessments inform the level of monitoring or regulatory action that may be necessary.
PROPORTIONATE REGULATION	Regulatory actions taken by TEQSA are shaped by the extent and degree of non-compliance, or risk of future non-compliance, by a provider. TEQSA balances the interests of students and the potential impact of TEQSA's actions on the provider and on the reputation of the sector.

These three regulatory principles guide TEQSA's:

- ▶ development of quality assurance and regulatory guidance and application processes
- ▶ interpretation of compliance with standards
- ▶ focus in conducting assessments
- ▶ decisions about level of regulatory action
- ▶ decisions on applications for registration and accreditation.

Together they support TEQSA in complying with the three regulatory principles of reflecting risk, proportionality and necessity.

Where data permits, TEQSA makes an overall evaluation against: 'Risk to Students' and 'Risk to Financial Position'. The risk assessments do not draw conclusions about compliance with the HE Standards Framework or the ESOS Act and National Code, but rather identify potential risks of non-compliance. In other words, risk assessments may identify 'leads' that warrant closer consideration by TEQSA.

Analysis of regulatory decisions by TEQSA indicates a strong alignment between the risk profile of a provider and the outcome of regulatory decisions. That is, applications from providers rated high risk in risk assessments are more likely to result in adverse assessment findings or assurance action.

## TEQSA'S RISK ASSESSMENT FRAMEWORK

TEQSA's Risk Assessment Framework<sup>1</sup> represents a robust approach to assessing risk. The framework and use of risk assessments provide TEQSA with both an overview of risks in the sector as a whole and information about individual providers.

The framework is a key tool for the Agency in monitoring risks to quality, together with intelligence from a range of sources including case managers. TEQSA's risk assessments provide a snapshot of providers to prioritise TEQSA's focus in undertaking its assurance activities.

<sup>1</sup> Available from <[www.teqsa.gov.au/sites/default/files/publication-documents/TEQSARiskAssessFramework\\_v2.1\\_1.pdf](http://www.teqsa.gov.au/sites/default/files/publication-documents/TEQSARiskAssessFramework_v2.1_1.pdf)>.

The TEQSA website has information sheets for providers on the risk assessment process.<sup>2</sup>

Figure 1 illustrates the key steps in TEQSA's risk assessment process.

#### Figure 1: Key steps in the risk assessment process



## OUTCOME AND PROGRAM STRUCTURE

TEQSA is subject to Australian Government requirements for reporting to Parliament on the annual allocation and expenditure of public monies received to carry out its role and functions. In the 2015–16 Portfolio Budget Statements, TEQSA reports on one outcome and one program.

### OUTCOME 1:

Contribute to a high-quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance, and dissemination of higher education standards and performance.

This outcome is delivered through Program 1.1: Regulation and Quality Assurance. The program objectives are to:

- ▶ assure the quality of Australian higher education through a standards-based and risk-based approach
- ▶ protect students by requiring providers to meet minimum standards for quality higher education provision in an expanding higher education system
- ▶ facilitate higher education providers to pursue their individual missions and encourage diversity, excellence and innovation in the sector.

<sup>2</sup> Available from <[www.teqsa.gov.au/for-providers/provider-resources](http://www.teqsa.gov.au/for-providers/provider-resources)>.

## PURPOSES

TEQSA also reports on four purposes outlined in the *TEQSA Corporate Plan 2015–19*:

- ▶ effective oversight of the quality and reputation of Australian higher education
- ▶ efficient, effective, responsive, risk-based quality assurance and regulatory activities
- ▶ constructive and collaborative relationships with governments, higher education providers and other stakeholders
- ▶ effective internal quality assurance by providers.

## ORGANISATIONAL STRUCTURE

### COMMISSIONERS

There is currently a part-time Chief Commissioner and two part-time Commissioners.

Commissioners are appointed by the Minister for Education and Training (the Minister) based on their expertise in higher education, quality assurance and regulatory practice. Commissioners are responsible for making regulatory decisions, setting strategic directions, monitoring risk in the sector and deciding on matters relating to the development of TEQSA's quality assurance and regulatory framework.

The Commissioners are the accountable authority for TEQSA.

### PROFESSOR NICHOLAS SAUNDERS AO, CHIEF COMMISSIONER

Professor Saunders joined the Agency as Acting Chief Commissioner and Chief Executive Officer in September 2014 and was appointed by the then Minister as TEQSA Chief Commissioner in March 2015.

Professor Saunders was previously Provost and Deputy Vice-Chancellor of Bond University and Vice-Chancellor of the University of Newcastle, Australia. His other senior academic roles include: Dean of Medicine, Nursing and Health Sciences at Monash University (1998–2003); Head of the Faculty of Health Sciences and Dean of Medicine, Flinders University (1993–98); Professor of Medicine at the University of Newcastle (1983–93); and positions at McMaster University, Canada and Harvard University, USA.

Professor Saunders holds a medical degree with first-class honours from the University of Sydney and has been influential in the advancement of medical education and research through his extensive contribution to and participation on many higher education, research and health care national committees, councils and state government bodies.

During his career, Professor Saunders has been Chair of the National Health and Medical Research Council; a member of the Higher Education Council, the Prime Minister's Science, Engineering and Innovation Council, the Australian Research Council and the Aboriginal and Torres Strait Islander Health Council; Chair of the Committee of Deans of Australian Medical Schools; Chair of the Postgraduate Medical Council of NSW; member of the Board of Universities Australia and Lead Vice-Chancellor for research and international activities; and member of the Victorian Premier's Council for Knowledge, Innovation, Science and Engineering, and the 2011 Ministerial Review of Health and Medical Research in NSW.

Professor Saunders currently holds the part-time position of Chair of the Repatriation Medical Authority of Australia.

In 2012 he was appointed an Officer in the Order of Australia in recognition of his contribution and distinguished service to medicine and higher education.

### MS LINLEY MARTIN, COMMISSIONER

Ms Martin was appointed as a TEQSA Commissioner in February 2015.

Previously, she was the Head of University Services and Vice-Principal (Major Projects) at the University of Melbourne from 2009–11, where she had also held the position of Vice Principal and Academic Registrar from 2001–05.

From 2005 to 2008 she was Vice President and Council Secretary at Deakin University and has held many other senior positions at the University of New South Wales, RMIT University, Flinders University and the University of South Australia.

Ms Martin was also a senior adviser to the Review of Australian Higher Education (the Bradley Review) which was pivotal to the establishment of TEQSA.

As well as being a part-time Commissioner at TEQSA, Ms Martin is also the part-time Ombuds at RMIT University, an independent reviewer of unresolved student and staff complaints. She has also recently completed her PhD at the University of Melbourne on the measurement of student learning outcomes in higher education.

### **PROFESSOR CLIFF WALSH, COMMISSIONER**

Professor Walsh joined TEQSA in February 2014. He has held professorial appointments at the University of Adelaide and the Australian National University and visiting appointments at universities in Canada, the US and the UK. His teaching, research, publications and advisory specialities have been in public sector economics and public policy; regulatory theory and its application to economic, social and environmental issues; economic and social evaluation of public sector programs and regulatory regimes; and intergovernmental economic, political and administrative relations.

Professor Walsh has also been an adviser to a Prime Minister and State Premiers; an Associate Commissioner for several Productivity Commission Inquiries; an expert adviser to the European Commission and the World Bank; a member of numerous committees of inquiry into public sector policies and programs; and a member of the quasi-judicial Australian Competition Tribunal, which reviews, on appeal, decisions of Australia's competition regulator, the Australian Competition and Consumer Commission.

He is currently Emeritus Professor of Economics, and a (honorary) Visiting Research Fellow in the School of Economics at the University of Adelaide.

### **CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer is a full-time position, appointed by the Minister and has responsibility for the management and administration of TEQSA.

### **MR ANTHONY MCCLARAN**

Mr McClaran's appointment was announced by the then Minister on 27 July 2015 and he joined the Agency on 12 October 2015.

Before joining TEQSA, Mr McClaran was the Chief Executive of the UK's Quality Assurance Agency for Higher Education for six years and prior to that the Chief Executive of the UK's national agency for higher education admissions, the Universities and Colleges Admissions Service.

A graduate in English and American Literature from the University of Kent, Mr McClaran began his career at the University of Warwick where, among other posts, he was Admissions Officer. In 1992 he moved to the University of Hull to take up the post of Academic Registrar, with responsibility for an office which included recruitment, admissions, student records, international affairs and academic resource allocation. In 1995 he was appointed Acting Registrar and Secretary.

Mr McClaran was a member of the Board of the European Association for Quality Assurance in Higher Education and is now a member of the Board of the International Network for Quality Assurance Agencies in Higher Education. He has held a number of governance roles at all levels of education and was Chair of Council and Pro-Chancellor of the University of Gloucestershire from 2007 to 2009.

### **INTERIM CHIEF EXECUTIVE OFFICER**

#### **BEN JOHNSON**

Mr Johnson from the Department of Education and Training was appointed as Interim Chief Executive Officer of TEQSA from March to October 2015.

## **SENIOR MANAGEMENT TEAM**

The Senior Management Team (SMT) comprises the Chief Executive Officer and TEQSA senior managers. The role of the SMT is to support the Chief Executive Officer in discharging his statutory role and provide collective operational leadership for the Agency in relation to TEQSA's operational priorities, including business planning and the management of resources. The SMT reports to the accountable authority.

## **FUNCTIONAL GROUPS**

TEQSA has highly skilled staff with a range of knowledge and expertise in higher education, regulation, risk management and the public sector. TEQSA staff understand quality assurance and regulation and have experience in higher education delivery. Staff build on their knowledge and experience through dealing with providers, professional accreditation bodies, TEQSA experts and quality assurance bodies overseas.

TEQSA staff have diverse backgrounds: data collection and analysis, risk management, financial analysis, regulation and government. They have specialised skills in assessing complex quantitative and qualitative information and judging its relevance for the quality assurance and regulation of higher education.

In 2015–16, TEQSA finalised Phase 2 of its organisational restructure to address challenges arising primarily from the reduced funding announced in the May 2014 Budget. Following the announcement of funding in the 2016–17 budget to provide TEQSA with additional capacity to investigate and respond to emerging risks, including technological and behavioural integrity threats, as the number of higher education provider organisations, course accreditation requirements and provider delivery contexts increase, TEQSA commenced a further review of its structure to resource these new functions.

The five functional groups that currently make up the Agency are summarised in the following section.

Figure 2 (page 12) shows TEQSA's organisational structure.

## **PROVIDER ASSESSMENT AND ENGAGEMENT TEAM (FORMERLY REGULATION AND REVIEW GROUP)**

The Provider Assessment and Engagement Team is central to TEQSA's quality assurance activities and requirements under the TEQSA Act and also the ESOS Act, which under the TEQSA Act regulates the delivery of education services to international students in Australia. The Team is made up of case management teams allocated to individual higher education providers. The Team makes recommendations to the Commissioners and delegates about regulatory actions based on assessment of providers' compliance with the TEQSA Act, 2011 HE Standards Framework, the ESOS Act, the National Code, National Standards for Foundation Programs and ELICOS National Standards.

## **INFORMATION ANALYSIS AND REPORTING TEAM (FORMERLY REGULATORY RISK AND INFORMATION GROUP)**

The Information Analysis and Reporting Team supports the Agency's capacity to prioritise regulatory activity to safeguard the interests of students and the reputation of the sector, while minimising regulatory burden.

The Team's risk assessments of individual providers allows TEQSA to streamline its processes for low risk providers and to direct resources to where there are substantial risks to academic standards and the student experience. The Team develops and implements TEQSA's Risk Assessment Framework by creating a risk profile for every provider, undertaking financial compliance assessments and supporting data sharing arrangements with the Department of Education and Training and other stakeholders.

The Team is responsible for scoping and collecting provider data, developing and enhancing reporting capability and analysing and reporting on information required to support regulatory activity.

The Information Analysis and Reporting Team is also responsible for managing TEQSA's annual Provider Information Request (PIR) and led the transition of the 2016 PIR to the Commonwealth Higher Education Information Management System in collaboration with the Department of Education and Training.

### **LEGAL GROUP**

TEQSA's lawyers, led by the General Counsel, are responsible for legal services required by TEQSA as a Commonwealth regulatory agency, including providing strategic legal advice, providing training to TEQSA staff on legal issues, and managing claims by or against TEQSA. The General Counsel attends regulatory meetings of TEQSA's Commissioners and is a member of the Audit Committee.

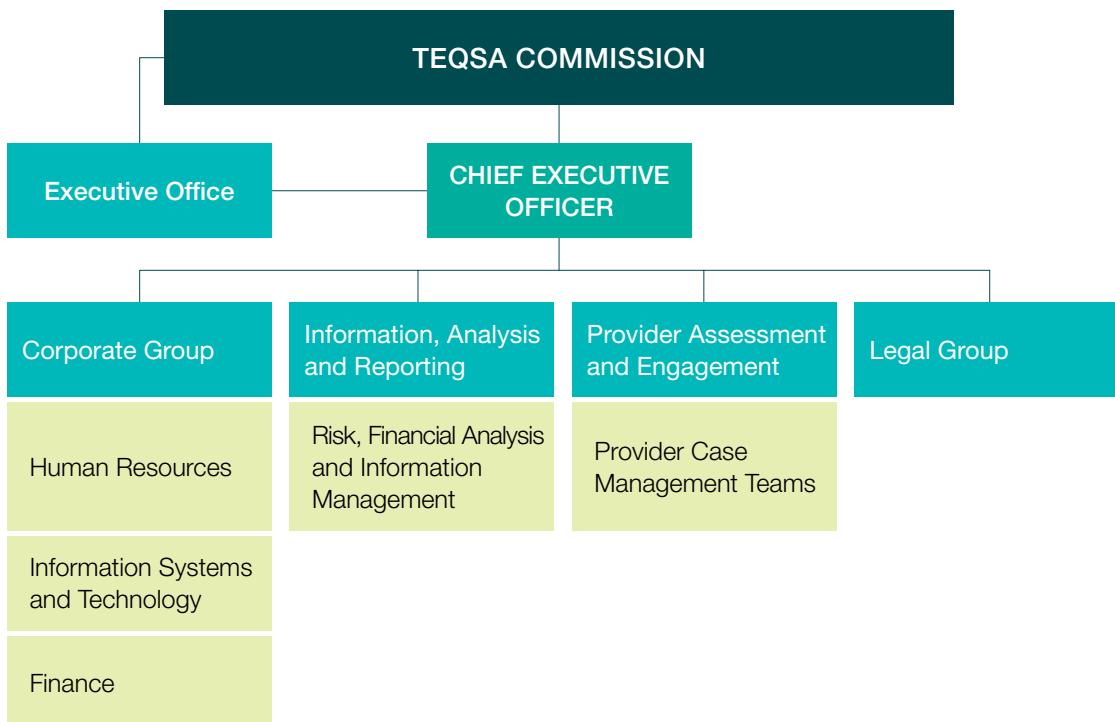
### **CORPORATE GROUP**

The Corporate Group provides strategic management of TEQSA's resources, a wide remit which includes planning and performance management, people and organisational development, financial management, funding negotiation, information management and infrastructure.

### **EXECUTIVE OFFICE**

The Executive Office performs the following functions: corporate communications and stakeholder engagement; parliamentary liaison and coordination; security management; strategic projects; and the provision of executive support to TEQSA's Commissioners, Chief Executive Officer, SMT and Audit Committee.

**Figure 2: TEQSA organisational chart**





## SECTION 3: PERFORMANCE REVIEW

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- ▶ PERFORMANCE AGAINST THE PURPOSES OF THE CORPORATE PLAN
- ▶ PURPOSE 1:  
Effective oversight of the quality and reputation of Australian higher education
- ▶ PURPOSE 2:  
Efficient, effective, responsive, risk-based quality assurance and regulatory activities
- ▶ PURPOSE 3:  
Constructive and collaborative relationships with governments, higher education providers and other stakeholders
- ▶ PURPOSE 4:  
Effective internal quality assurance by providers
- ▶ PERFORMANCE AGAINST THE PORTFOLIO BUDGET STATEMENTS

As required under the PGPA Act, this section reports on how TEQSA performed during the reporting period against:

- ▶ the purposes set out in the *TEQSA Corporate Plan 2015–19*
- ▶ the outcome and program deliverables in the 2015–16 Portfolio Budget Statements for the Education and Training portfolio.

This section also includes an analysis of TEQSA's financial performance.

## PERFORMANCE AGAINST THE PURPOSES OF THE CORPORATE PLAN

Following commencement of the PGPA Act, the TEQSA Act was amended in December 2014 to replace the requirement for an Operational Plan with a requirement for a four-year Corporate Plan.

The *TEQSA Corporate Plan 2015–19* sets out TEQSA's activities and performance targets over a four-year period under four purposes:

1. Effective oversight of the quality and reputation of Australian higher education
2. Efficient, effective, responsive, risk-based quality assurance and regulatory activities
3. Constructive and collaborative relationships with governments, higher education providers and other stakeholders
4. Effective internal quality assurance by providers.

TEQSA's annual performance statements are reported below with a summary of results achieved against each of the performance criteria outlined under the four purposes.

Where relevant, performance statements include results from a recent stakeholder survey of TEQSA's performance in 2015–16. Survey results will be covered in more depth in TEQSA's Regulator Performance Framework report, which is due for publication later in 2016.

### ▶ THE TEQSA CORPORATE PLAN 2015–19 SETS OUT TEQSA'S ACTIVITIES AND PERFORMANCE TARGETS OVER A FOUR-YEAR PERIOD UNDER FOUR PURPOSES

# PURPOSE 1: EFFECTIVE OVERSIGHT OF THE QUALITY AND REPUTATION OF AUSTRALIAN HIGHER EDUCATION

Table 1 outlines the strategies and performance criteria for this purpose as listed on page 12 of the *TEQSA Corporate Plan 2015–19*.

**Table 1: Strategies and performance criteria for Purpose 1 in TEQSA's Corporate Plan**

STRATEGIES	PERFORMANCE CRITERIA
<ul style="list-style-type: none"><li>▶ Identify, monitor and respond to significant trends, incidents and risks to higher education that is delivered in or from Australia</li><li>▶ Promote the role, importance and effectiveness of Australia's quality assurance and regulatory system in maintaining the reputation of Australian higher education nationally and internationally</li><li>▶ Contribute to the enhancement of the national data collection and national sharing of data about the quality of higher education</li></ul>	<ol style="list-style-type: none"><li>1. TEQSA has effective mechanisms to identify, monitor and respond to risks to higher education across the sector.</li><li>2. Enhanced levels of information about the sector are available to the sector and stakeholders.</li><li>3. The role and effectiveness of TEQSA is better understood by stakeholders nationally and internationally.</li><li>4. TEQSA collaborates in the development of national data collections.</li><li>5. Consultation mechanisms and guidance resources are developed for transition to the revised Higher Education Standards Framework.</li></ol>

## OVERVIEW

When considering applications for renewing registrations and course accreditation, TEQSA takes into account relevant organisational characteristics that give confidence that strong quality assurance arrangements are in place. It considers the provider's track record and applies a range of assessment methods to be confident that providers meet and continue to meet the Higher Education Standards Framework (HE Standards Framework).

TEQSA varies the depth and breadth of its assessments based on all available information about each provider's organisational characteristics and risk profile. TEQSA's Risk Assessment Framework is a key component to providing effective oversight of the quality and reputation of Australian higher education.

The framework:

- ▶ provides TEQSA with both an overview of risks in the sector as a whole and information about individual providers
- ▶ reduces regulatory burden by using risk assessments to inform a tailored approach to evidence and reporting requirements in regulatory processes
- ▶ strengthens the protection of students' interests and the sector's reputation by monitoring key aspects of providers' operations during registration periods
- ▶ supports TEQSA case managers and providers in early discussions about emergent issues prior to any formal compliance review
- ▶ supports quality improvement activities through the sharing of information with providers and other regulators about potential risks and good practices in the sector.

▶ More than 80 per cent of provider respondents rated TEQSA as good or excellent as the regulator assuring the quality of Australian higher education.

## **PERFORMANCE CRITERION 1: TEQSA has effective mechanisms to identify, monitor and respond to risks to higher education across the sector**

In 2015–16, TEQSA effectively administered the annual collection of Provider Information Request (PIR) data, analysed sector data for 2014–15 and completed its annual risk assessments of all providers.

TEQSA carried out a sector-wide review of practices to uphold academic integrity in collaboration with an academic integrity expert in response to incidents arising in late 2014 and during 2015. This review will form the basis of engagement with the sector on this issue in 2016–17. TEQSA also published a good practice note on preventing fraudulent certification.

TEQSA began researching attrition in the higher education sector, examining characteristics by the difference in attrition rates and using this analysis to quantify the relative importance of these factors and characteristics in influencing overall attrition rates.

## **PERFORMANCE CRITERION 2: Enhanced levels of information about the sector are made available to the sector and stakeholders**

In 2015–16, TEQSA released two statistical reports on the higher education sector. All providers also received an individual financial data brief to enable comparison with the sector.

TEQSA also met with providers during August and September 2015 to discuss upcoming changes including the implementation of the 2015 HE Standards Framework, the introduction of the Core+ model of assessment for course accreditation, and common risk indicators for the sector.

Under the TEQSA Act (Division 2 of Part 10), TEQSA may disclose higher education information under limited circumstances. As specified in the *Tertiary Education Quality and Standards Agency (Information) Guidelines 2016*, these circumstances include disclosures to agencies such as the Australian Skills Quality Authority (ASQA) and the Department of Immigration and Border Protection, where the disclosure is necessary to enable or assist the authority to carry out its proper role. These disclosures help TEQSA avoid duplicating requests to providers for information and to coordinate relevant quality assurance and regulatory processes with other agencies.

## **CRITERION 1 PERFORMANCE SUMMARY FOR 2015–16**

TEQSA:

- ▶ completed 2015–16 annual risk assessments, analysed 2014–15 sector data and effectively administered the annual PIR data collection
- ▶ reviewed risks in the sector to shape engagement with providers in 2016–17
- ▶ commenced a research project on attrition rates, examining factors and characteristics influencing provider and sector attrition rates.

In 2015–16, TEQSA continued to maintain and publish monthly updates of the National Register of Higher Education Providers (National Register) on the TEQSA website consistent with section 198 of the TEQSA Act. The National Register is the authoritative source of information on the registration status and renewal date of registered higher education providers in Australia. The National Register Guidelines set out the information that must be included on the National Register. A provider's registration and subsequent inclusion on the register states the provider's compliance with the 2011 HE Standards Framework. The National Register includes any conditions applied to a provider's registration.

The National Register also includes the accreditation status of courses offered by providers without the authority to self-accredit courses. Such courses are accredited by TEQSA and information including the name of the course of study, accreditation renewal date, and reports on any conditions TEQSA may have applied as part of a course accreditation are recorded on the National Register. Visit <[www.teqsa.gov.au/national-register](http://www.teqsa.gov.au/national-register)> for more information.

► Eighty per cent of provider respondents rated the quality of information on the National Register showing the results of regulatory decisions as good or excellent.

### **PERFORMANCE CRITERION 3: The role and effectiveness of TEQSA is better understood by stakeholders nationally and internationally**

TEQSA collaborates with a range of stakeholders including Commonwealth and state governments, peak bodies and international quality assurance agencies.

In September 2015 TEQSA held a registration workshop for prospective providers to provide information on TEQSA's role, the application process and available resources. The workshop was attended by more than 45 prospective providers. Session information was made available online and a dedicated mailbox to respond to and monitor new registration enquiries is maintained. In 2015–16, TEQSA received 29 applications from prospective providers.

In August to September, TEQSA held briefings with a strong representation of higher education providers to discuss risks across the sector, the forthcoming implementation of the 2015 HE Standards Framework and the introduction of the Regulator Performance Framework. TEQSA also advised on a series of sector projects and initiatives including the scoping of an attrition research project and the publication of data arising from further analysis of sector risks.

A number of Memoranda of Understanding (MOUs) were signed with peak domestic and international bodies during the year, as listed in Table 2.

## **CRITERION 2 PERFORMANCE SUMMARY FOR 2015–16**

### **TEQSA:**

- released the report *Key Financial Metrics on Australia's Higher Education Sector* in April 2016 and gave all providers an individualised brief to enable comparison of their data with sector data
- released the annual *Statistics Report on TEQSA Registered Higher Education Providers* in April 2016, the third report of its kind from TEQSA
- continued to maintain a National Register of higher education providers on the TEQSA website.

**Table 2: Memoranda of Understanding signed in 2015–16**

ORGANISATION	MoU ESTABLISHED
New Zealand Qualifications Authority	August 2015
Australian Institute for Teaching and School Leadership (AITSL)	October 2015
English Australia	March 2016
Hong Kong Council for Accreditation of Academic and Vocational Qualifications, Hong Kong Special Administrative Region, China	April 2016
Higher Education Evaluation Centre of the Ministry of Education People's Republic of China (Letter of Intent)	June 2016
Engineers Australia	June 2016
Quality Assurance Agency for Higher Education, United Kingdom	June 2016

TEQSA also benefited from welcoming several delegations from regions including North America, the United Kingdom and Asia, and staff visits and exchange opportunities to the following quality assurance agencies: NIAD-UE, Japan; NOKUT, Norway; Ministry of National Education, Columbia; Council for the Evaluation, Accreditation and Assessment of the Quality of Higher Education, Ecuador; Ministry of Education, Peru; Council of Private Education, Singapore; and the Quality Assurance Agency, United Kingdom.

More detail on collaborations with stakeholders can be found under *Purpose 3: Constructive and collaborative relationships with governments, higher education providers and other stakeholders*.

### ► TEQSA ALSO BENEFITED FROM WELCOMING SEVERAL DELEGATIONS FROM REGIONS INCLUDING NORTH AMERICA, THE UNITED KINGDOM AND ASIA

## CRITERION 3 PERFORMANCE SUMMARY FOR 2015–16

### TEQSA:

- ▶ held a workshop for prospective providers to explain the application process and resources available on the TEQSA website
- ▶ held provider briefings for registered providers to discuss risks across the sector, TEQSA process reforms and future developments
- ▶ signed three MOUs with international bodies (and an additional letter of intent) and three with domestic groups and agencies
- ▶ undertook visits and staff exchange programs at international quality assurance agencies, hosted international delegations at TEQSA, and presented at international conferences.

## **PERFORMANCE CRITERION 4: TEQSA collaborates in the development of national data collections**

During 2015–16, TEQSA and the Department of Education and Training continued to streamline the reporting requirements of providers through the establishment of a single national collection for higher education data. As part of the streamlined arrangement, TEQSA has joined the Department's Higher Education Data Committee. From 1 January 2016 the PIR is being transitioned in a staged approach to the Department of Education and Training.

The PIR is a request for information under section 28 of the TEQSA Act. Data is collected to ensure a core dataset is available across all providers in the sector. PIR data informs tailored regulatory processes that take into account provider history, standing and risk. This means that regulatory burden on providers can be significantly reduced. The use of PIR data also strengthens protection for students' interests and the sector's reputation by enabling TEQSA to monitor significant changes and identify any emerging issues.

Under the new arrangements, student and staff data previously reported to TEQSA will be submitted through the Department's Higher Education Information Management System (HEIMS). Transition arrangements are in place for providers currently not reporting to HEIMS. Similarly, provider financial information previously reported to TEQSA will be reported solely through the Department's HELP IT System (HITS), removing the duplication in reporting financial information for those providers approved for FEE-HELP funding.

TEQSA receives student survey results from the approximately 100 providers participating in QILT (Quality Indicators for Learning and Teaching<sup>3</sup>). For those providers not participating in QILT, survey results are submitted directly to TEQSA.

In 2015–16, TEQSA led the transition process of the PIR through a number of key actions, including:

- ▶ establishing an inter-departmental working group with the Department to develop and implement a change management plan for transition and to ensure ongoing monitoring across several operational units
- ▶ developing and implementing an effective joint communication strategy to communicate changes to providers early, consistently and with measures to support an efficient transition to the new process, including supporting HEIMS and HITS webinars, and training for providers in the new process
- ▶ supporting an IT implementation plan to ensure timely and reliable collection of PIR data through the new HEIMS and HITS process. This included supporting development of submission scopes, element specifications, validations and training material for higher education providers on the new process
- ▶ providing ongoing support to the HEIMS and HITS operational units during the submission process. This included backup support and responding to PIR-specific enquiries by providers.

## **CRITERION 4 PERFORMANCE SUMMARY FOR 2015–16**

### **TEQSA:**

- ▶ commenced transition of the 2016 PIR to the Commonwealth HEIMS and HITS in collaboration with the Department of Education and Training
- ▶ promoted participation by providers in the QILT surveys.

<sup>3</sup> The QILT website provides prospective students with relevant and transparent information about Australian higher education institutions from the perspective of recent students and graduates. It is funded by the Department of Education and Training. Visit <[www.qilt.edu.au](http://www.qilt.edu.au)>

## **PERFORMANCE CRITERION 5: Mechanisms are in place and guidance resources are available prior to the transition to the revised Higher Education Standards Framework (on 1 January 2017)**

TEQSA currently registers and evaluates the performance of higher education providers against the *Higher Education Standards Framework (Threshold Standards) 2011* (a legislative instrument).

The Higher Education Standards Panel (the Panel) began reviewing the 2011 HE Standards Framework at the start of 2013 with engagement and feedback from TEQSA throughout the review period. A revised framework, titled the *Higher Education Standards Framework (Threshold Standards) 2015* was tabled in both houses of Parliament on 12 October 2015. The 2015 HE Standards Framework will take effect as a legislative instrument from 1 January 2017.

In late 2015, TEQSA established a project to plan and manage the transition to the 2015 HE Standards Framework under the guidance of the Panel. The current Panel has been appointed for the period 1 February 2016 to 31 January 2018 and will provide oversight to TEQSA's Standards transition project.

The project was guided by key principles including:

- ▶ ‘keep it clear and simple’ mindset when developing materials
- ▶ a multistage approach delivery schedule, prioritised around the most critical external facing materials.

In addition to an internal project team led by a TEQSA Director, the project is supported by:

- ▶ a Standards Transition Reference Group, primarily comprised of representatives from provider peak bodies
- ▶ an internal Standards Interpretation Panel to determine standard responses to specific provider questions and update the frequently asked questions.

In early 2016, information on the 2015 HE Standards Framework was posted on the TEQSA website and discussed at briefings with stakeholders. Twelve briefings were held in five capital cities from April to May 2016. The briefings were hosted by the TEQSA CEO and a TEQSA Commissioner.

TEQSA invited both registered and some prospective providers and 291 participants from 168 providers attended the briefings. In parallel, TEQSA also conducted briefings for TEQSA Experts on the transition to the 2015 HE Standards Framework. Over 50 TEQSA Experts attended the briefings held across five sessions. Further information regarding TEQSA Experts can be found under Purpose 2.

▶ More than 95 per cent of provider respondents rated the relevance of content and the timeliness of the conduct of recent briefings, (including those conducted in 2016 for the transition to the 2015 HE Standards Framework), as good or excellent.

In April, prior to the briefings, TEQSA published supporting information on the 2015 HE Standards Framework on its website, including an overview of the new Framework, draft guidance notes and application guides. The guidance notes and application guides were also subject to a three-month consultation period with feedback received from a variety of stakeholders. This feedback was taken into consideration when finalising the guidance notes, application guides and the contextual overview of the 2015 HE Standards Framework<sup>4</sup>. The four initial guidance notes covered course design, corporate governance, academic governance and academic quality assurance. Of the three application guides, one was for new providers (initial registration and course accreditation) and two were for existing providers (re-registration, course accreditation/re-accreditation).

<sup>4</sup> For more information on the 2015 HE Standards Framework, visit <<http://teqsa.gov.au/teqsa-contextual-overview-hes-framework>>

## THE STANDARDS TRANSITION REFERENCE GROUP

The Standards Transition Reference Group provides advice to TEQSA on the approach and strategies of the transition to the 2015 HE Standards Framework with particular reference to the impact of transition on providers. The reference group is invited to provide feedback on:

- ▶ the approach TEQSA has taken to prioritise the development and release of key materials over multiple stages, in order to expedite support for providers in the transition to the 2015 HE Standards Framework
- ▶ the suitability of sample materials for providers (for example the overview for the Framework and guidance notes)
- ▶ TEQSA's recommendations for handling considerations and other process issues arising from the transition to the 2015 HE Standards Framework
- ▶ the proposed approach to briefing and engaging providers.

The reference group includes representatives from Universities Australia, the International Education Association of Australia, the Australian Council for Private Education and Training, the Council of Private Higher Education, and TAFE Directors Australia.

The reference group met in March and June 2016 to provide advice on transitional matters.

## CRITERION 5 PERFORMANCE SUMMARY FOR 2015–16

## ANALYSIS OF PERFORMANCE AGAINST PURPOSE 1 – EFFECTIVE OVERSIGHT OF THE QUALITY AND REPUTATION OF AUSTRALIAN HIGHER EDUCATION

TEQSA met all of the related 2015–16 targets identified in the 2016–17 Portfolio Budget Statements while also working on numerous other activities to ensure effective oversight of the quality and reputation of Australian higher education.

▶ **TEQSA MET ALL OF THE RELATED 2015–16 TARGETS IDENTIFIED IN THE 2016–17 PORTFOLIO BUDGET STATEMENTS WHILE ALSO WORKING ON NUMEROUS OTHER ACTIVITIES TO ENSURE EFFECTIVE OVERSIGHT OF THE QUALITY AND REPUTATION OF AUSTRALIAN HIGHER EDUCATION**

TEQSA:

- ▶ established the Standards Transition project, including the Standards Transition Reference Group to provide feedback to TEQSA on transitional matters
- ▶ conducted 12 provider briefings across five capital cities to inform registered and prospective providers about the 2015 HE Standards Framework
- ▶ published information on the 2015 HE Standards Framework on the TEQSA website including an overview of the new framework
- ▶ published draft guidance material on the TEQSA website for consultation.

## PURPOSE 2: EFFICIENT, EFFECTIVE, RESPONSIVE, RISK-BASED QUALITY ASSURANCE AND REGULATORY ACTIVITIES

Table 3 outlines the strategies and performance criteria for this purpose as listed on page 12 of the *TEQSA Corporate Plan 2015–19*.

**Table 3: Strategies and performance criteria for Purpose 2 in TEQSA's Corporate Plan**

STRATEGIES
<ul style="list-style-type: none"><li>▶ Further integrate risk analysis and quality assurance activities</li><li>▶ Maintain a strong focus on the educational experiences and outcomes for students in quality assurance activities</li><li>▶ Continue to implement a program of improvement of quality assurance and regulatory approaches involving key stakeholders</li><li>▶ Continue to build organisational capability</li></ul>
PERFORMANCE CRITERIA
<ol style="list-style-type: none"><li>1. Quality assurance and regulation by TEQSA does not unnecessarily impede the efficient operation of higher education providers.</li><li>2. Quality assurance and regulatory actions undertaken by TEQSA are proportionate to the risks being managed.</li><li>3. TEQSA's compliance and monitoring approaches are streamlined and coordinated.</li><li>4. The quality assurance framework continues to be improved in consultation with stakeholders.</li><li>5. Quality assurance business processes are documented and applied consistently.</li></ol>

## OVERVIEW

TEQSA's Risk Assessment Framework is a key component to providing efficient, effective, responsive, risk-based quality assurance and regulatory activities.

As part of its continual review of key regulatory processes, TEQSA uses feedback from providers to evaluate and improve its quality assurance and regulatory activities. This feedback is sourced through consultation with key stakeholders and from TEQSA's case management model.

### PERFORMANCE CRITERION 1:

**Quality assurance and regulation does not unnecessarily impede the efficient operation of higher education providers**

### CASELOAD IN 2015–16

TEQSA experienced a 33 per cent increase in caseload in 2015–16. During 2015–16, TEQSA received 475 major<sup>5</sup> applications compared with 358 in 2014–15 and completed 381 assessments compared to 365 in 2014–15 (see Table 4).

Although TEQSA achieved a 4 per cent increase in the number of assessments completed, as a result of this increase in caseload and reduced staffing levels, the number of cases carried forward into 2016–17 increased from 194 in 2014–15 to 288 in 2015–16. TEQSA managed the caseload while maintaining focus on assuring the quality and reputation of the higher education sector is upheld in a changing environment.

**Table 4: TEQSA's caseload in 2015–16 compared to 2014–15**

CASELOAD STAGE	2014–15	2015–16
Applications received	358	475
Assessments completed	365	381
Assessments carried into next financial year	194	288
Initial registration applications received	10	29

<sup>5</sup> (Re)registration, (re)accreditation, applications to vary/revoke conditions and CRICOS (re)registration.

**Table 5: Completed assessments and decisions made in 2015–16**

REGULATORY PROCESSES	DECISIONS	WITHDRAWN/ CANCELLED	COMPLETED ASSESSMENTS
Registration	7	11	18
Re-registration	28	-	28
Provider Category Change	-	1	1
Self-Accrediting Authority	4	-	4
Course Accreditation	135	56	191
Course Re-accreditation	73	12	85
Course Re-accreditation (Teach Out)	22	-	22
CRICOS Registration	3	1	4
CRICOS Re-registration	22	1	23
Internal Review	-	-	-
Vary/Revoke Conditions	1	1	2
Withdraw Registration	3	-	3
<b>TOTALS</b>	<b>298</b>	<b>83</b>	<b>381</b>

Note: The majority of the 83 applications under the 'withdrawn/cancelled' category relate to applications withdrawn by the provider after a preliminary assessment by TEQSA.

TEQSA also undertook three compliance assessments on registered providers outside the assessment cycle due to increased risk of non-compliance with the 2011 HE Standards Framework or the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code).

In addition, TEQSA completed 754 assessments for the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) such as changes to student capacity and addition or change to delivery site that are not included in Table 5.

Of the 381 applications assessed under the TEQSA and ESOS Acts, 298 decisions were made and 83 applications were either withdrawn or cancelled (see Table 5).

## MEETING CASELOAD TIMEFRAMES

In 2015–16, TEQSA increased the percentage of decisions made within six months for course accreditations and re-accreditations compared to 2014–15 but saw a decrease in percentage of decisions made for re-registrations as shown in Table 6.

**Table 6: TEQSA's decision-making timeframes in 2015–16 compared to 2014–15**

PERCENTAGE OF DECISIONS MADE WITHIN SIX MONTHS	2014–15*	2015–16
Re-registration	41.2%	39.3%
Course accreditation	64.6%	69.6%
Course re-accreditations	44.7%	52.1%

\* Adjusted from those figures reported in 2014–15 Annual Report following further analysis.

The main factors influencing these results were the increased delegation of regulatory decision making for accreditation and re-accreditation of courses and implementing the Core+ assessment model in late 2015.

Regarding the decrease in the percentage of decisions made for re-registrations, these assessments are more complex and require more time to complete than course accreditations and re-accreditations. During the year, TEQSA also managed a significant increase in caseload from applications from prospective providers. In particular, the number of applications from prospective providers increased from 10 in 2014–15 to 29 in 2015–16. These applications are assessed against all the Standards in the HE Standards Framework (as opposed to the reduced requirements under the Core+ model of assessment) and require a substantial investment of time and resources to complete.

TEQSA achieved significant productivity gains from its reform agenda. These reforms include introducing the Core+ model to accreditation and the expanded delegation of regulatory decision making. The reduction in staffing was partially offset by contracted staff undertaking projects and support on regulatory activities.

## **PERFORMANCE CRITERION 2: Quality assurance and regulatory actions undertaken by TEQSA are proportionate to the risks being managed**

Under this criterion, TEQSA seeks to consider the three principles of necessity, risk and proportionality by tailoring assessments for providers.

### **CORE+ MODEL OF ASSESSMENT**

In September 2015, TEQSA extended its risk differentiated Core+ model to further reduce the evidence requirements for providers assessed as low risk by TEQSA. Following sector consultation, the revised processes implemented in 2014 for renewal of registration were extended and implemented for course accreditation and renewal of accreditation.

Under this model all applicants are required to submit minimum evidence relating to a set of core standards in the HE Standards Framework. Some providers are required to submit evidence against other selected Standards on a case-by-case basis, according to risk profile and regulatory track record. Initial registration applications are assessed against all of the standards of the HE Standards Framework due to the absence of regulatory history with TEQSA and a risk assessment. The model is designed to reduce evidence requirements and create more efficient regulatory assessment.

Due to the time needed to prepare an application, not all applications received after September 2015 fell under the Core+ evidence requirements. For these applications TEQSA modified the scope of assessment to align with the Core+ methodology.

## **CRITERION 2 PERFORMANCE SUMMARY FOR 2015–16**

TEQSA:

- ▶ introduced its Core+ approach to course accreditation, including a tailored and proportionate approach to assessments based on risks and performance data
- ▶ reduced evidence requirements for providers deemed low risk by TEQSA.

TEQSA introduced the course level risk tool in September 2015 to facilitate consistency and transparency in determining the scope of assessment based on risk. The tool has helped TEQSA to focus its efforts on the highest risk cases in the course accreditation and re-accreditation caseload.

- ▶ Over 70 per cent of provider respondents (and more than 80 per cent of respondents from providers assessed as low risk) rated TEQSA's streamlining of its regulatory processes and practices to reduce (or positively affect) the administrative burden for their organisation as good or excellent.
- More than 75 per cent of respondents from providers assessed as low risk rated the regulatory actions taken by TEQSA as being proportionate to the risks being managed as good or excellent.

### **PERFORMANCE CRITERION 3: TEQSA's compliance and monitoring approaches are streamlined and coordinated**

TEQSA uses a case management model to manage its relationship with providers, assigning staff as liaison for all quality assurance and regulatory processes. Regulatory staff work in 'provider teams', responsible for the quality assurance and regulatory assessment of between 40 and 60 providers.

The provider team arrangements enable providers to have contact with more than one staff member, allowing greater responsiveness and consistency of advice. Allocation of providers to teams is reviewed periodically. Provider teams regularly meet with representatives from providers and conduct provider visits as part of their assessment activities. Provider teams are also allocated to liaise with entities that have submitted an application seeking to register as a higher education provider.

TEQSA's approach to case management continues to receive positive feedback from the sector.

- ▶ More than 70 per cent of all provider respondents (and over 80 per cent of respondents from providers assessed as low risk) rated TEQSA's streamlined and co-ordinated approach to compliance and monitoring of their organisation's performance as good or excellent.

## **▶ PROVIDER TEAMS REGULARLY MEET WITH REPRESENTATIVES FROM PROVIDERS AND CONDUCT PROVIDER VISITS AS PART OF THEIR ASSESSMENT ACTIVITIES**

### **REGISTER OF EXPERTS**

When undertaking assessments, TEQSA staff use external expertise in a range of discipline areas and in specialised higher education learning and teaching methodologies as necessary. To facilitate engagement with sector expertise, TEQSA maintains a Register of Experts that regulatory staff make use of to engage experts required to assist in assessing applications.

The 178 work assignments in 2015–16 were completed by 120 experts. The majority of experts worked on one work assignment, with some working on two or more up to a maximum of six work assignments for a specific expert. Most work assignments are related to assessing applications for accreditation of courses against the Course Accreditation Standards of the 2011 HE Standards Framework; however, experts are occasionally used to provide specialist advice in relation to compliance with other parts of the HE Standards Framework or as part of compliance assessments.

Table 7 shows the number of completed work assignments in 2014–15 and 2015–16.

**Table 7: Completed work assignments for 2014–15 and 2015–16**

FINANCIAL YEAR	COMPLETED WORK ASSIGNMENTS
2014–15	152
2015–16	178
<b>Total</b>	<b>330</b>

► DELEGATES PARTICIPATE IN TRAINING AND MODERATION EXERCISES TO ENSURE RESPONSIBILITIES ARE UNDERSTOOD AND MET AND TEQSA'S POLICY IS SUPPORTED BY PROTOCOLS

## CRITERION 3 PERFORMANCE SUMMARY FOR 2015–16

### TEQSA:

- ▶ applied a case management approach to ensure further tailored approaches when working with providers
- ▶ maintained a Register of Experts to allow regulatory staff to use external expertise for assessments
- ▶ implemented amendments to the TEQSA Act made through the TEQSA Amendment Act which enabled TEQSA to improve its operational efficiency by greater delegation of its functions to single commissioners and TEQSA regulatory staff.

## IMPLEMENTING DELEGATIONS

The TEQSA Act, as amended through the *Tertiary Education Quality and Standards Agency Amendment Act 2014*, permits the delegation of TEQSA's powers and functions. In 2015–16, TEQSA implemented its policy to give effect to the Commissioners' decision to approve the delegation of decision-making authority in specific instances, to a single Commissioner and TEQSA regulatory staff. The policy is based upon three guiding principles:

- ▶ delegates understand their responsibilities
- ▶ delegates are skilled decision makers
- ▶ delegates observe procedural fairness and safeguard against bias and conflicts of interest.

Delegates participate in training and moderation exercises to ensure responsibilities are understood and met and TEQSA's policy is supported by protocols for delegated decision making, internal review of applications and the moderation and review of decisions.

The delegation of regulatory decision-making powers and functions enables TEQSA to use its resources more flexibly while maintaining the quality of regulatory outcomes.

## **PERFORMANCE CRITERION 4: The quality assurance framework continues to be improved in consultation with stakeholders**

In 2015–16, TEQSA worked on several activities related to improving the quality assurance framework, most notably the project to prepare providers to transition to the 2015 HE Standards Framework. The transition project is covered in more depth under the last criterion of Purpose 1 (*Mechanisms are in place and guidance resources are available prior to the transition to the revised Higher Education Standards Framework*).

- More than 70 per cent of provider respondents rated TEQSA's initiatives to improve its regulatory framework in consultation with their organisation as good or excellent.

### **TEQSA REGISTERED EXPERTS**

In April and May, TEQSA registered experts (from the Register of Experts) were briefed in parallel with providers on the new Standards and were involved in discussions on their experience with TEQSA. Five briefings were held in various capital cities and 51 of 150 experts invited attended. A follow-up survey to attendees indicated a high level of satisfaction with the briefings.

## **ESOS FRAMEWORK REVIEW**

TEQSA also regulates against the ESOS Act and its associated legislation, which includes the National Code, the English Language Intensive Courses for Overseas Students (ELICOS) National Standards and the National Standards for Foundation Programs. Providers registered under the ESOS Act are listed on CRICOS, which is managed by the Department of Education and Training. TEQSA has the authority to assess and make a final decision on all ESOS regulatory activities, including initial registration and renewal of registration by a provider and changes to registration, including adding courses and changes in student capacity. TEQSA has full regulatory responsibilities under the ESOS Act for all higher education providers, all providers of Foundation Program (except where delivered in a school) and for ELICOS delivered under an entry arrangement with a higher education provider.

In October 2015, TEQSA made a submission to the Senate Standing Committee on Education and Employment supporting the recently introduced Bill to streamline the provisions of the ESOS Act. TEQSA had been talking to the Department of Education and Training for approximately 12 months prior about the development of the amendments, after submitting its recommendations for reform of the ESOS Framework in April 2014. In 2015–16, TEQSA also provided input into redeveloping the National Code and the ELICOS Standards, and commented on successive drafts of the revised Code and Standards. Implementation of changes arising from the *Education Services for Overseas Students Amendment (Streamlining Regulation) Act 2015* will begin from July 2016.

## **CRITERION 4 PERFORMANCE SUMMARY FOR 2015–16**

TEQSA:

- established the Standards Transition Project and engaged sector experts to review selected guidance material for providers
- formed the Standards Transition Reference Group with meetings held in March and June 2016
- provided feedback on the ESOS review of the National Code to the Department of Education and Training.

## **PERFORMANCE CRITERION 5: Quality assurance business processes are documented and applied consistently**

During 2015–16, TEQSA consulted with regulatory staff to confirm the priorities identified through a review of business processes. Several initiatives, including enhancements to the business systems, were identified and improvements initiated.

TEQSA has highly skilled staff with a range of knowledge and expertise in higher education, regulation, risk management and the public sector. TEQSA continued to build organisational capability through its Learning Committee project. The Learning Committee project was established to support TEQSA as a learning organisation. It is driven by a community of staff and focused on enhancing understanding and knowledge of strategic and emerging issues in the higher education sector.

In 2015–16, the Learning Committee facilitated 13 interactive sessions for staff with presenters from peak bodies, international agencies and internal experts of TEQSA.

► **TEQSA COMPLETED ITS FOURTH ANNUAL RISK ASSESSMENT CYCLE. THIS, COUPLED WITH COMPLETING MORE THAN 1000 MAJOR REGULATORY ASSESSMENTS, PROVIDED TEQSA WITH EXTENSIVE INTELLIGENCE AS TO THE PRIORITY AREAS OF RISK IN THE SECTOR**

## **CRITERION 5 PERFORMANCE SUMMARY FOR 2015–16**

## **ANALYSIS OF PERFORMANCE AGAINST PURPOSE 2 – EFFICIENT, EFFECTIVE, RESPONSIVE, RISK-BASED QUALITY ASSURANCE AND REGULATORY ACTIVITIES**

TEQSA met all of the related 2015–16 targets identified in the 2016–17 Portfolio Budget Statements while also working on numerous other activities to ensure efficient, effective, responsive, risk-based quality assurance and regulatory activities.

TEQSA recognises that the changing context and developments in the Australian higher education sector require the agency to be agile in regulatory response and approach. This requires TEQSA to ensure resources are targeted to meet its statutory mandate, purposes and focus.

At the start of 2015–16, TEQSA had completed its fourth annual risk assessment cycle. This, coupled with completing more than 1000 major regulatory assessments, provided TEQSA with extensive intelligence as to the priority areas of risk in the sector. TEQSA was in an informed position to review how it carries out its core activities and responds to internal and external challenges and drivers of change.

Using this intelligence, TEQSA further developed its risk-based model for course accreditation

### **TEQSA:**

- identified priorities in consultation with staff for the Business Process Improvement project
- continued to build organisational capacity through initiatives of the Learning Committee project.

for existing providers to build upon the Core+ model that was successfully implemented for renewal of registration processes (and partially for course accreditation) following TEQSA's sector-wide consultation in October 2013.

This has resulted in substantially reduced evidence requirements for low risk providers, increased agency productivity and an overall reduction in median assessment times.

Equally, the regulatory reform has facilitated the necessary focus on areas of high risk and the allocation of resources to undertake compliance assessments where required.

TEQSA managed an increased caseload in 2015–16 including 19 additional applications from prospective providers compared to 2014–15. These new applications involve a substantially broader scope of assessment and reduce the time available to complete other assessments.

► **TEQSA MET ALL OF THE RELATED 2015–16 TARGETS IDENTIFIED IN THE 2016–17 PORTFOLIO BUDGET STATEMENTS WHILE ALSO WORKING ON NUMEROUS OTHER ACTIVITIES TO ENSURE EFFICIENT, EFFECTIVE, RESPONSIVE, RISK-BASED QUALITY ASSURANCE AND REGULATORY ACTIVITIES**

## PURPOSE 3: CONSTRUCTIVE AND COLLABORATIVE RELATIONSHIPS WITH GOVERNMENTS, HIGHER EDUCATION PROVIDERS AND OTHER STAKEHOLDERS

Table 8 outlines the strategies and performance criteria for this purpose as listed on page 13 of the *TEQSA Corporate Plan 2015–19*.

**Table 8: Strategies and performance criteria for Purpose 3 in TEQSA's Corporate Plan**

### STRATEGIES

- ▶ Share data and analyses to support compliance and improvement activities
- ▶ Strengthen the collaborative relationship with ASQA, the Higher Education Standards Panel and other agencies with mutual interests both in Australia and internationally
- ▶ Consult with peak bodies and higher education providers to promote a shared understanding of TEQSA's approach and its core functions

### PERFORMANCE CRITERIA

1. TEQSA's communication with higher education providers is clear, targeted and effective.
2. TEQSA's dealings with higher education providers are open, transparent and consistent.
3. Increased synergies developed with other agencies and contributions to collaborative goals.
4. Effective implementation of the requirements of regulatory responsibilities is achieved, including the TEQSA and ESOS Acts.

## OVERVIEW

TEQSA communicates its approach of its core functions to a wide range of stakeholders. In 2015–16, TEQSA focused its effort on:

- ▶ outlining the Agency's approach to its work and building confidence in its capacity
- ▶ increasing provider understanding of their quality assurance obligations and compliance with them, to support a culture of self-assurance in the sector
- ▶ increasing provider understanding to support the transition to the 2015 HE Standards Framework
- ▶ supporting the development of policies and processes to reduce the regulatory burden for providers
- ▶ promoting international recognition of TEQSA expertise to assure the quality of Australian international education and reduce provider compliance burden.

TEQSA collaborates with the Department of Education and Training and other Australian Government agencies to access and share knowledge, expertise and resources. The TEQSA CEO, staff and Commissioners meet regularly with relevant areas of the Department to discuss common issues and identify opportunities for cooperation.

TEQSA met with the Higher Education Standards Panel during 2015–16 to discuss the review of the impact of the TEQSA Act, the consultation on transparency in admissions, links with the QILT project, regulatory options for upholding the integrity of academic assignments, international activities in the sector, the regulatory impact of professional accreditation, transition to the 2015 HE Standards Framework, reporting parameters for the Regulatory Performance Framework, research into attrition rates, and updates on the impact of TEQSA's reform agenda. The Panel will provide external validation of TEQSA's self-assessment of its 2015–16 performance against the Regulatory Performance Framework.

TEQSA is represented on the Education Regulator and Immigration Committee, established by the Department of Immigration and Border Protection as a forum for sharing information and discussing matters relating to education providers and student visas.

TEQSA and ASQA continue to apply coordinated approaches to managing all CRICOS-related matters for dual sector providers. This has now expanded to sharing further information on providers registered with both agencies, in particular regulatory decisions.

TEQSA consults regularly with the higher education sector, in meetings and via written correspondence. TEQSA meets regularly with peak body representatives including Universities Australia, the Australian Council for Private Education and Training, the Council of Private Higher Education, TAFE Directors Australia, English Australia and the International Education Association of Australia.

 **TEQSA MEETS REGULARLY WITH PEAK BODY REPRESENTATIVES INCLUDING UNIVERSITIES AUSTRALIA, THE AUSTRALIAN COUNCIL FOR PRIVATE EDUCATION AND TRAINING, THE AUSTRALIAN COUNCIL OF PRIVATE HIGHER EDUCATION, TAFE DIRECTORS AUSTRALIA, ENGLISH AUSTRALIA AND THE INTERNATIONAL EDUCATION ASSOCIATION OF AUSTRALIA**

## **PERFORMANCE CRITERION 1: TEQSA's communication with higher education providers is clear, targeted and effective**

TEQSA Commissioners and senior staff are frequently invited to present at higher education conferences and events. In 2015–16, TEQSA presented at or attended 30 events to explain and discuss TEQSA's approach to quality assurance and regulation.

As discussed under Purpose 2, TEQSA held briefings for providers across Australia as part of its transition project to the 2015 HE Standards Framework. Participants responded positively to the briefings and the supporting materials provided online.

As discussed under Purpose 1, TEQSA also held a workshop for prospective providers to provide information on TEQSA's role, the application process and available resources.

► More than 75 per cent of provider respondents rated TEQSA's communication (clarity, targeting and effectiveness), and direct engagement through briefings, as good or excellent.

## **PERFORMANCE CRITERION 2: TEQSA's dealings with higher education providers are open, transparent and consistent**

Consultation with the Australian higher education sector is a crucial component in maintaining TEQSA's relations with stakeholders and improving quality assurance processes. For more information, refer to the information sheet on TEQSA's approach to consultation on the TEQSA website<sup>6</sup>.

In 2015–16, TEQSA consulted on topics including:

- ▶ publishing key financial metrics data
- ▶ draft application guides and guidance notes for the new HE Standards Framework.

When undertaking consultations, TEQSA ensures that consultation papers are easily accessible, the sector and the broader public are allowed sufficient time to prepare responses and any questions are addressed promptly and shared publicly.

TEQSA also published an update to the *Risk Assessment Framework* on its website in February 2016. The 2016 Risk Assessment Framework sets out the risk assessment process and information about key components of risk assessments – key risk areas, risk indicators and risk thresholds.

## **CRITERION 1 PERFORMANCE SUMMARY FOR 2015–16**

### **TEQSA:**

- ▶ presented at or attended 30 higher education conferences and events
- ▶ received positive feedback from the Standards transition provider briefings and initial supporting materials
- ▶ prepared a refreshed sector update and issued the update on a quarterly basis
- ▶ held a workshop for prospective providers to discuss new registration enquires.

<sup>6</sup> TEQSA, *Information Sheet: TEQSA's Approach to Consultation*, November 2012, available from <[www.teqsa.gov.au/sites/default/files/TEQSAs\\_Approach\\_to\\_Consultation\\_web\\_131112.pdf](http://www.teqsa.gov.au/sites/default/files/TEQSAs_Approach_to_Consultation_web_131112.pdf)>

The TEQSA website <[www.teqsa.gov.au](http://www.teqsa.gov.au)> is a key tool for communicating important information to the higher education sector and those with an interest in Australian higher education.

► More than 70 per cent of provider respondents (and over 80 per cent of respondents from providers assessed as low risk) rated TEQSA's performance on consistency of information provided by TEQSA to their organisation as good or excellent. In addition, more than 75 per cent of provider respondents rated TEQSA's performance on the clarity of online forms and application guides as good or excellent.

### **PERFORMANCE CRITERION 3: Increased synergies developed with other agencies and contributions to collaborative goals**

TEQSA collaborates and provides constructive input on thematic issues with several Commonwealth government departments and agencies as well as state governments, international quality assurance agencies and peak bodies representing the higher education sector.

### **DUAL SECTOR PROVIDERS**

TEQSA works with ASQA to streamline the regulation of providers registered by both regulatory agencies. The ASQA–TEQSA Reference Group, co-chaired by Commissioners from both agencies and attended by the TEQSA CEO, oversees the initiatives of a MOU designed to:

- streamline the regulation of dual sector providers to the maximum extent possible, given the separate quality assurance and regulatory standards frameworks for the higher education and vocational education and training sectors
- reduce the potential for duplication that impacts on the compliance burden and cost for dual sector providers.

In 2015–16, TEQSA and ASQA completed a pilot to jointly manage the process for dual sector providers for Registered Training Organisation, Higher Education Provider and CRICOS registration. TEQSA and ASQA then developed a register of the TEQSA and ASQA risk profiles of dual sector providers and refer to this when establishing the scope of assessment and evidence requirements.

Although TEQSA and ASQA are required to assess providers under different quality standards, the two agencies continue to apply coordinated approaches to manage all CRICOS-related matters for dual sector providers and this has now expanded to sharing more information on providers registered with both agencies. Staff from both agencies met in a number of discussions and forums over the last year and this engagement has developed a higher level of understanding between the two agencies on how they will continue to work together in the future.

### **CRITERION 2 PERFORMANCE SUMMARY FOR 2015–16**

#### **TEQSA:**

- sought feedback from stakeholders on its public reporting of key financial metrics of registered higher education providers
- published draft application guides and guidance notes on the TEQSA website in April 2016 to support providers' transition to the 2016 HE Standards Framework

## INTERNATIONAL QUALITY ASSURANCE

TEQSA plays an important role in protecting, enhancing and promoting the quality and integrity of Australia's higher education sector in the international sphere. TEQSA is a member of the following international networks:

- ▶ International Network for Quality Assurance Agencies in Higher Education
- ▶ Asia-Pacific Quality Network
- ▶ Council for Higher Education Accreditation International Quality Group
- ▶ Quality Beyond Boundaries (QBB) Group.

In 2015–16, TEQSA continued to strengthen links with international quality assurance agencies through these networks with ongoing discussion on Australian providers, quality assurance and regulation.

TEQSA continued to participate in the Quality Assurance of Cross-border Higher Education (QACHE) project. The project ran from 1 October 2013 to 31 March 2016, and was coordinated by the European Association for Quality Assurance in Higher Education and co-funded by the Erasmus Mundus Programme of the European Union. QACHE developed a toolkit to provide practical guidance on the quality assurance of cross border higher education that was published in late 2015.

In 2015–16, TEQSA signed a number of MOUs with international bodies and domestic groups and agencies, as listed earlier in the report in Table 2.

As discussed under Purpose 1, TEQSA successfully transitioned the PIR to the Department of Education and Training from 1 January 2016. This transition is part of a move towards a single national collection for higher education data to create streamlined information reporting for providers.

TEQSA staff continue to work with state government investment arms and have been involved in discussions with international providers considering entry to the Australian higher education sector. Staff have provided advice on the HE Standards Framework, the categorisation of providers and how external parties could enter and operate in the local market. This has included discussions with interested groups from India and Canada.

### QUALITY BEYOND BOUNDARIES GROUP

The QBB Group is a network of international quality assurance agencies from major sending and receiving countries of cross border education. The Group addresses common challenges by creating a platform to collaborate, share information and best practices and work together to improve quality assurance systems for cross border higher education.

## CRITERION 3 PERFORMANCE SUMMARY FOR 2015–16

### TEQSA:

- ▶ strengthened links with international quality assurance agencies and participated in international quality assurance activities as a member of various networks
- ▶ negotiated its second round of Memoranda of Cooperation and activities with its major international quality assurance agency partners in Singapore, Hong Kong and the UK
- ▶ worked with state government investment arms providing regulatory advice to support market entry of international providers
- ▶ transitioned the PIR to the Department of Education and Training to provide a single national collection for higher education data and negotiated to continue collecting survey data from providers that do not participate in QILT.

**Table 9: Performance against the requirements of the TEQSA Act in 2015–16**

REQUIREMENT	REFERENCE IN THE TEQSA ACT	PERFORMANCE
TEQSA must undertake a preliminary assessment of an application for registration within 30 days after an application is made.	Section 19	<b>Achieved</b> TEQSA completed preliminary assessments of all applications for registration within 30 days after an application was made.
TEQSA must make a preliminary assessment of an application for a course of study to be accredited within 30 days after an application is made.	Section 47	<b>Partly achieved</b> TEQSA completed preliminary assessments of all applications for a course of study to be accredited, with the exception of four assessments, within 30 days after the applications were made.
TEQSA must establish and maintain the National Register of Higher Education Providers.	Section 198	<b>Achieved</b> TEQSA maintained the National Register as per the requirements of the TEQSA Act.

**PERFORMANCE CRITERION 4:  
Effective implementation of the  
requirements of regulatory responsibilities  
is achieved, including the TEQSA and  
ESOS Acts**

On 20 July 2015, the Federal Court of Australia upheld a decision by TEQSA to refuse to renew the registration of a higher education provider under the ESOS Act due to non-compliance with the Act and with the National Code.

**PERFORMANCE AGAINST THE  
TEQSA ACT**

Under its governing legislation, TEQSA is obliged to provide particular forms of advice or complete specific processes, within specified timeframes.

Table 9 contains information about the requirements of the TEQSA Act and TEQSA's performance in meeting these requirements in the 2015–16 reporting period.

TEQSA has processes in place to notify providers as soon as possible (and within 30 days) of a decision being taken, as per the requirements of the TEQSA Act.

**ANALYSIS OF PERFORMANCE AGAINST  
PURPOSE 3 – CONSTRUCTIVE AND  
COLLABORATIVE RELATIONSHIPS WITH  
GOVERNMENTS, HIGHER EDUCATION  
PROVIDERS AND OTHER STAKEHOLDERS**

TEQSA met all of the related 2015–16 targets identified in the 2016–17 Portfolio Budget Statements while also working on numerous other activities to ensure constructive and collaborative relationships with governments, higher education providers and other stakeholders.

## PURPOSE 4: EFFECTIVE INTERNAL QUALITY ASSURANCE BY PROVIDERS

Table 10 outlines the strategies and performance criteria for this purpose as listed on page 13 of the *TEQSA Corporate Plan 2015–19*.

**Table 10: Strategies and performance criteria for Purpose 3 in TEQSA's Corporate Plan**

STRATEGIES
<ul style="list-style-type: none"><li>▶ Optimise TEQSA's application of the Higher Education Standards Framework to foster internal quality assurance purposes</li><li>▶ Provide guidance to providers on enhancing internal quality assurance</li></ul>
PERFORMANCE CRITERIA
<ol style="list-style-type: none"><li>1. Enhanced internal quality assurance systems are reflected in reduced regulatory burden for providers.</li><li>2. The proportion of low risk providers is increasing.</li><li>3. Enhanced capacity of providers to meet the requirements of TEQSA's quality assurance processes.</li></ol>

### OVERVIEW

TEQSA grants full or partial self-accrediting authority (SAA) to low risk providers that can demonstrate that they meet the HE Standards Framework and SAA criteria within the Framework. The decision to grant SAA is based on evidence of good practice including, but not limited to:

- ▶ a history of successful operation including systemic and mature internal processes to assure and maintain the quality of its courses, academic standards and academic integrity
- ▶ well-structured and effective governance arrangements and robust course design, approval and review processes, including comprehensive external review
- ▶ highly experienced administrative and teaching staff

- ▶ an active scholarly community with a significant and sustained history of scholarship and research outputs
- ▶ a proven history of successful graduate outcomes.

### PERFORMANCE CRITERION 1: Enhanced internal quality assurance systems are reflected in reduced regulatory burden for providers

Overall, 70 per cent of all provider respondents (and over 80 per cent of respondents from providers assessed as low risk) rated TEQSA's performance on making improvements to its processes and policies in areas that impact their organisation, as well as TEQSA's reuse of material provided by their organisation for a range of regulatory matters as good or excellent.

As mentioned previously, TEQSA extended its Core+ model of assessment in September 2015, further reducing the regulatory burden for providers assessed as low risk by TEQSA.

### PERFORMANCE CRITERION 2: The proportion of low risk providers is increasing

The number of providers with self-accrediting status increased in 2015–16 by 10 per cent (see Table 11). At 30 June 2016, there were 53 providers with full or partial SAA, equivalent to 31 per cent of all providers. This compares to 48 providers (28 per cent of providers) at 30 June 2015.

Four providers were granted partial SAA in 2015–16 and an additional application for SAA was undergoing assessment by TEQSA as at 30 June 2016.

**Table 11: Number of self-accrediting authority providers at the end of financial years 2014–15 and 2015–16**

	2014–15	2015–16
SAA providers	48	53
Total providers	169	171
Percentage of SAA providers	28%	31%

In total, 21 out of 25 (84 per cent) renewals of registrations in 2015–16 were granted for the maximum seven-year period. This compares to 20 out of 34 (59 per cent) renewals of registrations in 2014–15.

In terms of new providers, four out of seven providers were granted the maximum seven-year period of registration. This compares to three out of four new providers being registered for seven years in 2014–15.

#### **PERFORMANCE CRITERION 3: Enhanced capacity of providers to meet the requirements of TEQSA's quality assurance processes**

TEQSA provided regular and timely communication throughout 2015–16, including briefings and guidance notes in relation to the transition to the 2015 HE Standards Framework and for prospective providers.

Guidance notes on the HE Standards Framework were prepared during March and released ahead of provider briefings in April and May.

The briefings and guidance notes represent effective exercises in capacity building as well as information provision, and are building understanding throughout the higher education sector about many aspects of good practice that have not always been widespread in the past.

#### **ANALYSIS OF PERFORMANCE AGAINST PURPOSE 4 – EFFECTIVE INTERNAL QUALITY ASSURANCE BY PROVIDERS**

TEQSA met all of the related 2015–16 targets identified in the 2016–17 Portfolio Budget Statements while also working on numerous other activities to ensure effective internal quality assurance by providers.

While TEQSA's regulatory framework includes sanctions that can be used against registered providers that do not maintain adequate internal quality assurance, it also contains incentives for providers to maintain effective internal quality assurance.

As TEQSA has progressed its cycles of assessments, it has – where necessary – required some providers to improve their internal quality assurance processes, resulting in an observable improvement in the quality of applications received from these providers. Other providers have improved their own controls in order to expedite their assessments and prepare themselves for further stages of development.

TEQSA encourages providers to follow a path of development that leads to self-accrediting status and potentially, in some cases, to becoming a university.

#### **CRITERION 2 PERFORMANCE SUMMARY FOR 2015–16**

TEQSA:

- ▶ increased the number of providers with self-accrediting status by 10 per cent
- ▶ increased the proportion of providers granted a registration period for the maximum seven years (for both initial and renewal of registrations).

## PERFORMANCE AGAINST THE PORTFOLIO BUDGET STATEMENTS

This annual report provides an overall account of TEQSA's performance against objectives set out in its Portfolio Budget Statements as they correspond to the *TEQSA Corporate Plan 2015–19*. TEQSA reports against one outcome:

### OUTCOME 1:

Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.

The outcome is delivered through Program 1.1: Regulation and Quality Assurance.

### PROGRAM 1.1 OBJECTIVES

The objectives for Program 1.1 and how these align with the purposes of the Corporate Plan are set out in Table 12.

**Table 12: Performance against Program 1.1 objectives**

PBS DELIVERABLES	RELATED PURPOSE FROM CORPORATE PLAN	PAGE NUMBERS
<b>Objective 1:</b> Assure the quality of Australian higher education through a standards-based and risk-based regulatory approach to quality assurance	Purpose 1	15–21
<b>Objective 2:</b> Protect students by requiring providers to meet minimum standards for quality higher education provision in an expanding higher education system	Purpose 2	22–29
<b>Objective 3:</b> Facilitate higher education providers to pursue their individual missions, and encourage diversity, excellence and innovation in the sector	Purpose 4	35–36

## PROGRAM 1.1 KEY PERFORMANCE DELIVERABLES

Table 13 sets out TEQSA's performance against the deliverables in the 2015–16 Portfolio Budget Statements and maps deliverables to the purposes set out in the Corporate Plan.

**Table 13: Performance against Program 1.1 deliverables**

PBS DELIVERABLES	RELATED PURPOSE FROM CORPORATE PLAN	PAGE NUMBERS
A robust regulatory framework	Purpose 1 Purpose 3	15–21 29–34
Decision making guided by the three principles of necessity, reflecting risk and proportionality	Purpose 2	22–29
Streamlined processes and improved timelines for decision making taking into account risk and provider history	Purpose 2	22–29
Provision of timely and relevant information to providers in relation to their obligations under the TEQSA Act and the ESOS Act	Purpose 3	29–34
Increased awareness of TEQSA's roles and responsibilities in the community	Purpose 1 Purpose 3	15–21 29–34
Enhanced organisational capability and operational efficiency	Purpose 2 Purpose 4	22–29 35–36

## PROGRAM 1.1 KEY PERFORMANCE INDICATORS

Table 14 sets out TEQSA's performance measured against the key performance indicators in the 2015–16 Portfolio Budget Statements as well as how these align with the purposes outlined in the Corporate Plan.

**Table 14: Performance against Program 1.1 key performance indicators in 2015–16**

KEY PERFORMANCE INDICATOR	RELATED PURPOSE FROM CORPORATE PLAN	PAGE NUMBERS
High levels of compliance by higher education providers with the Higher Education Standards Framework and relevant ESOS requirements	Purpose 1 Purpose 4	15–21 35–36
Improved levels of self-assurance among higher education providers	Purpose 4	35–36
High stakeholder confidence in TEQSA meeting its objectives	Purpose 3	29–34
TEQSA consistently meets its service standard targets	Purpose 2	22–29

In addition to the key performance indicators, listed in Table 14, the 2015–16 performance targets listed in the 2016–17 PBS are addressed in the analysis of performance under each Purpose.

### **ANALYSIS OF TEQSA'S FINANCIAL PERFORMANCE**

For the 2015–16 financial year, TEQSA recorded an operating deficit of \$1.3 million compared to an operating deficit of \$0.6 million in 2014–15. The increase in operating loss between 2014–15 and 2015–16 largely reflects the expenses required to manage a peak load of regulatory assessments while funding dropped, as set out in the 2014–15 Budget.

The 2015–16 operating deficit is also \$0.2 million more than the estimated deficit of \$1.1 million as set out in the 2015–16 Portfolio Budget Statements. This variance is primarily due to higher than expected supplier expenses to support the volume of regulatory assessments.

The 2015–16 operating deficit, after adjusting for depreciation and amortisation expenses of \$0.8 million, is \$0.5 million (which is in line with the approved operating loss).

► THIS ANNUAL REPORT PROVIDES AN OVERALL ACCOUNT OF TEQSA'S PERFORMANCE AGAINST OBJECTIVES SET OUT IN ITS PORTFOLIO BUDGET STATEMENTS AS THEY CORRESPOND TO THE *TEQSA CORPORATE PLAN 2015–19*



## SECTION 4: MANAGEMENT AND ACCOUNTABILITY



- CORPORATE GOVERNANCE
- HUMAN RESOURCES
- FINANCIAL MANAGEMENT

## CORPORATE GOVERNANCE

TEQSA's corporate governance framework incorporates regulatory and management decision-making bodies; an integrated planning framework; systems, policies and directives such as the Enterprise Risk Management Framework, the internal control framework, and chief executive instructions; an ethical and accountable organisational culture; and transparency in public reporting.

### DECISION FORUMS AND COMMITTEES

#### ACCOUNTABLE AUTHORITY

Section 132 of the TEQSA Act specifies the Commissioners as the accountable authority for the purposes of the PGPA Act. This confers various responsibilities and powers on the accountable authority to promote high standards of accountability and performance. As the accountable authority, TEQSA Commissioners are responsible for the governance of TEQSA's operations under the PGPA Act.

The general duties imposed on Commissioners as the accountable authority by the PGPA Act are to:

- ▶ govern TEQSA consistently with the proper use and management of public resources, the purposes of TEQSA and the financial sustainability of TEQSA
- ▶ establish and maintain systems relating to risk and control
- ▶ encourage cooperation with others to achieve common objectives
- ▶ take into account the relevant risks and effects when imposing requirements on others for the use or management of public resources
- ▶ keep the Minister and Finance Minister informed of various listed matters.

#### COMMISSION MEETINGS

The TEQSA Commission is also responsible for making regulatory decisions, setting strategic directions, monitoring risk in the sector and deciding on matters relating to the development of TEQSA's quality assurance and regulatory framework.

The Commission's focus is to:

- ▶ interpret and apply the provisions of the TEQSA and ESOS Acts to be consistent with the objects of the Acts
- ▶ determine strategic directions for the development of regulatory policy
- ▶ make decisions concerning individual providers
- ▶ manage strategic relations with key stakeholders
- ▶ oversee external and internal communications
- ▶ take necessary action to protect and promote TEQSA's reputation.

#### SENIOR MANAGEMENT TEAM MEETINGS

The Senior Management Team (SMT) comprises the Chief Executive Officer (CEO) and senior managers. The role of the SMT is to guide the ongoing development of TEQSA's management and administration processes and policies. It is also responsible for developing, implementing, coordinating and overseeing the Agency's Corporate Plan and operational activities and projects. The SMT reviews TEQSA's performance against the objectives set out in TEQSA's Corporate Plan and makes monthly reports to the Commission as the accountable authority.

Additionally, the focus of the SMT is to:

- ▶ develop, manage and monitor the TEQSA Budget, including capital investments
- ▶ advise the Commissioners on developments, amendments to and implementation of regulatory approaches and processes
- ▶ develop and approve corporate policies and procedures for the recruitment, training, development, management and performance of the Agency's staff.

## AUDIT COMMITTEE

TEQSA's Audit Committee has been established in compliance with section 42 of the PGPA Act and operates under an Audit Committee Charter approved by the accountable authority. The committee has two external members appointed by the Commission (including the Chair) and a senior TEQSA staff member (currently, the General Counsel).

The Audit Committee's role is to provide independent assurance to the Commission on TEQSA's financial and performance reporting responsibilities, risk oversight and management and system of internal control. This includes reviewing the proposed internal audit coverage to ensure the approach is focused on TEQSA's key areas of financial and operational risk.

TEQSA carried out two internal audits in 2015–16:

- ▶ a review of TEQSA's function in readiness for an Australian National Audit Office performance audit focusing on key financial controls
- ▶ a risk management health check which reviewed the implementation and integration of TEQSA's risk management framework through the Agency.

## SECURITY COMMITTEE

TEQSA's Security Committee comprises the CEO, Director Corporate, the Agency Security Adviser and the Information Technology Security Adviser. The committee meets biannually and focuses on all aspects of protective security affecting the Agency, and assists the Agency to meet its compliance, risk management, business continuity management and reporting requirements under the Protective Security Policy Framework.

## CORPORATE PLANNING IN 2015–16

### CORPORATE AND OPERATIONAL PLANS

Following commencement of the PGPA Act, the TEQSA Act was amended in December 2014 to replace the requirement for an Operational Plan with the requirement for a four-year Corporate Plan. TEQSA's Operational Plan was replaced with its Corporate Plan in December 2015 and is published on the TEQSA website at <<http://teqsa.gov.au/about/corporate-plan>>.

### ENTERPRISE RISK MANAGEMENT FRAMEWORK

TEQSA accepts that there may be risk in any aspect of its operations and that having an appropriate strategy for risk is critical. TEQSA uses a risk-based approach for its day-to-day business and is committed to the continuous improvement of risk management practices in line with the international risk management standard (ISO 31000:2009).

TEQSA's Enterprise Risk Management Framework is underpinned by a strong organisational culture, a risk management policy, an enterprise risk register, a risk appetite statement, an internal control framework, TEQSA's Fraud Control and Anti-Corruption Plan and arrangements for consultation, communication and performance reporting.

TEQSA acknowledges that the 2015–19 Corporate Plan was not compliant as it did not include a description of TEQSA's approach to managing enterprise risk. This has been rectified in the 2016–20 Corporate Plan which has been approved by the Minister for Education and Training.

### PROTECTIVE SECURITY

TEQSA's Agency Security Adviser is responsible for coordinating security functions in the Agency and provides advice to the CEO, management and staff on security matters. In 2015–16, TEQSA applied appropriate protective security measures, based on its risk profile, to ensure compliance with the 36 mandatory requirements under the Protective Security Policy Framework.

## **ETHICAL STANDARDS**

TEQSA's measures to promote ethical standards within the Agency include:

- ▶ providing training for all staff in fraud awareness and conflicts of interest
- ▶ maintaining policies relating to ethical standards and behaviour relevant to TEQSA's operational context, for example, email and internet use, fraud and disclosure of information
- ▶ building adherence to the Australian Public Service Code of Conduct and Values into the individual performance and development plans of TEQSA staff.

## **EXTERNAL SCRUTINY**

TEQSA is subject to external scrutiny by the Office of the Commonwealth Ombudsman, the Australian National Audit Office, the Administrative Appeals Tribunal, the Attorney-General's Department, the Office of the Australian Information Commissioner and parliamentary committees.

During 2015–16, the Australian National Audit Office, the Commonwealth Ombudsman and parliamentary committees did not issue any reports on the operations of TEQSA. No judicial decisions, decisions of administrative tribunals, or decisions by the Australian Information Commissioner in 2015–16 had a significant impact on the operations of TEQSA.

During 2015–16, TEQSA appeared at parliamentary committee hearings for

- ▶ supplementary estimates (21 October 2015)
- ▶ additional estimates (10 February 2016).

## **FRAUD CONTROL**

The Commonwealth Fraud Control Policy requires that accountable authorities provide a report about fraud annually to their Minister. Section 10 of the Public Governance Performance and Accountability Rule 2014 requires the Agency to take all reasonable measures to prevent, detect and deal with fraud, including by undertaking fraud risk assessments and establishing a fraud control plan.

TEQSA's Fraud and Anti-Corruption Plan sets out TEQSA's policy and approach to fraud control, procedures to effectively manage fraud and corruption risks and incidents and relevant reporting obligations. The plan is reviewed annually by TEQSA's Audit Committee.

TEQSA's Fraud and Anti-Corruption Plan also provides for appropriate training and awareness raising activities to support TEQSA staff in understanding their responsibilities in relation to fraud control.

TEQSA employees are subject to a robust employment screening process. Ongoing staff commencing with TEQSA are required to be vetted by the Australian Government Security Vetting Agency to obtain a baseline national security clearance.

TEQSA adopts a zero tolerance policy towards fraud and corruption, and aims to manage the fraud risk to a level as low as is reasonably practicable. The success of the fraud initiatives undertaken by TEQSA to date is reflected in the fact that no fraud incidents occurred during 2015–16. TEQSA will continue to take a proactive role in fraud management, prevention and detection, based on its risk profile and in accordance with the Commonwealth Fraud Control Policy.

## **SERVICE CHARTER**

The TEQSA Service Charter articulates the Agency's commitment to engaging with stakeholders, its service standards and complaints handling. TEQSA believes its quality assurance and regulatory approach should be responsive and service-oriented. To ensure good practice in TEQSA's handling of complaints, TEQSA ensures students, providers and the general public are aware of options for making complaints about a provider or about TEQSA. More information is contained in this report at Appendix G. TEQSA has begun a review of its complaints arrangements with the intention of further improving this area of service.

More broadly, TEQSA manages its relationships with providers in line with the Australian Public Service Code of Conduct and Values which emphasise professionalism and accountability.

## HUMAN RESOURCES

TEQSA's first TEQSA Enterprise Agreement 2012–14 was negotiated in 2012 and came into effect on 2 November 2012. The Enterprise Agreement covers all non-Senior Executive Service (SES) staff and provides flexibility for additional terms and conditions of employment for high performing non-SES employees through individual flexibility arrangements.

TEQSA maintains a shared services arrangement with the Productivity Commission for information and communications technology and payroll services. The arrangement is beneficial for both agencies and particularly for TEQSA for service delivery, significantly reducing costs.

### STAFFING STATISTICS

As at 30 June 2016 TEQSA employed 26 APS and 27 executive level staff. All were located in Melbourne.

Of these employees:

- ▶ 67.9 per cent were female and 32.1 per cent were male
- ▶ 94.3 per cent were ongoing employees with 5.7 per cent non-ongoing.
- ▶ at 30 June 2016 and in the preceding year, TEQSA had no ongoing or non-ongoing staff that identified as Indigenous.

TEQSA does not currently have any SES level staff.

More information on TEQSA's staffing profile is included at Appendix B.

## REMUNERATION AND OTHER TERMS AND CONDITIONS

The conditions of employment for APS and executive level employees are set out in the Enterprise Agreement. It offers competitive terms and conditions of employment including financial assistance for relevant professional development.

Commissioners of TEQSA, including the Chief Commissioner, are appointed by the Minister pursuant to section 138 of the TEQSA Act and are paid the remuneration determined by the Remuneration Tribunal. The CEO of TEQSA is also appointed by the Minister and the CEO's remuneration is determined by the Remuneration Tribunal.

### NON-SALARY BENEFITS

Non-salary benefits provided by the Agency to non-SES employees include superannuation, home-based computer access, professional development and studies assistance, leave flexibilities and airline club memberships.

### PERFORMANCE PAY

TEQSA's Enterprise Agreement does not include provision for performance pay for non-SES staff.

### PERFORMANCE ASSESSMENT

TEQSA has a formal performance management system in place for staff. This assists in:

- ▶ clarifying individual employee work tasks, their responsibilities and their performance
- ▶ standards expected (through performance agreements) providing feedback on performance
- ▶ improving communication between managers and their staff (through performance appraisals)
- ▶ providing a basis for determining salary advancement within classifications, identifying learning and professional development needs and opportunities, identifying and managing underperformance.

## **PROFESSIONAL DEVELOPMENT**

TEQSA recognises the value of a well-educated workforce and provides staff with learning and development opportunities to develop skills and knowledge for current and future roles and responsibilities.

TEQSA's Enterprise Agreement may provide access for all staff to an annual reimbursement of up to \$3000 for the cost of relevant professional development, including fees associated with an approved course of study.

## **WORKPLACE CONSULTATIVE ARRANGEMENTS**

The Agency consults regularly with staff through a number of forums. Regular all-staff meetings also update staff on a range of management and operational issues. Each group within the Agency holds regular meetings to give staff an opportunity to raise issues and put forward ideas for improving their work environment.

## **FINANCIAL MANAGEMENT**

### **GRANTS**

TEQSA does not administer a discretionary grants program.

### **LEGAL SERVICES**

TEQSA's General Counsel provides, or arranges for the provision of, legal services in relation to all aspects of TEQSA's operations.

Where necessary, the General Counsel obtains additional legal expertise from the Legal Services Multi-Use List administered by the Attorney-General's Department. TEQSA's Legal Group ensures that TEQSA complies with the Legal Services Directions and other Commonwealth policies or rules relevant to the provision of legal services.

## **PERFORMANCE AGAINST CORE PURCHASING POLICIES**

The core policies and principles of the Commonwealth Procurement Rules were adhered to throughout the reporting period. An appropriate approach to market was made for all procurements covered by the Commonwealth Procurement Rules.

## **COMPETITIVE TENDERING AND CONTRACTING**

TEQSA's Accountable Authority Instructions and Procurement Manual require compliance with the Commonwealth Procurement Rules.

All contracts worth more than \$10,000 entered into by TEQSA in 2015–16 were lodged on AusTender.

## **PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS**

TEQSA supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website at <[www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts](http://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts)>.

► **TEQSA RECOGNISES THE VALUE OF A WELL-EDUCATED WORKFORCE AND PROVIDES STAFF WITH LEARNING AND DEVELOPMENT OPPORTUNITIES TO DEVELOP SKILLS AND KNOWLEDGE FOR CURRENT AND FUTURE ROLES**

TEQSA's procurement practices support small and medium enterprises by using the following:

- ▶ the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000;
- ▶ the Small Business Engagement Principles to effectively engage and communicate with small businesses; and
- ▶ electronic systems to ensure invoices are paid on time and within the 30 day payment terms.

## EXEMPT CONTRACTS

No contracts were exempted by the CEO from being published on AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

## AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

No contracts were let during the year for \$100,000 or more with provisions to exempt Australian National Audit Office access to contractor's premises.

## FEES

TEQSA operates on a partial cost recovery basis, consistent with Commonwealth Cost Recovery Guidelines. Section 158 of the TEQSA Act states that TEQSA may determine fees for things done in the performance of its functions. Fees collected by TEQSA under cost recovery arrangements are returned to the Australian Government's Consolidated Revenue. TEQSA cannot determine fees without the Minister's approval.

TEQSA developed its initial fee schedule based on parameters set by the Australian Government in 2011 and TEQSA's status as a partial cost recovery agency. Research, modelling and comparative analysis were undertaken of other agencies, including the former Government Accreditation Authorities and the Australian Universities Quality Agency.

Fees payable as at 30 June 2016 are available at <[www.comlaw.gov.au/Details/F2013L02162](http://www.comlaw.gov.au/Details/F2013L02162)>.

## INFORMATION TECHNOLOGY

TEQSA's information technology infrastructure and support is provided by the Productivity Commission under a services agreement.

TEQSA is required to comply with the guidance in Australian Government Information Management Office Circular no.2010/005, Implementation of upgraded accessibility standard across Australian Government websites. This requires TEQSA's website to conform to Web Content Accessibility Guidelines version 2.0 (WCAG 2.0).

## CONSULTANCIES

### POLICY ON SELECTING AND ENGAGING CONSULTANTS

The Agency engages consultants where it requires specialist expertise or when independent research, review or assessment is required.

Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in the Agency's decision making.

Prior to engaging consultants, the Agency takes into account the skills and resources required for the task, the skills available internally and the cost effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

The main purposes for engaging consultants were to:

- ▶ provide independent assessments, analysis and advice, and apply high level expertise not otherwise available to the Agency
- ▶ undertake research, studies and modelling exercises.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at <[www.tenders.gov.au](http://www.tenders.gov.au)>.

## CONSULTANCY CONTRACTS

During 2015–16, two new consultancy contracts were entered into involving total actual expenditure of \$47,231.25 (GST inclusive).

There were no ongoing consultancy contracts active during the 2015–16 year.



## SECTION 5:

# FINANCIAL REPORT

▼

- INDEPENDENT AUDITOR'S REPORT
- STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER
- FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Education and Training

I have audited the accompanying annual financial statements of the Tertiary Education Quality and Standards Agency for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the Financial Statements.

### *Opinion*

In my opinion, the financial statements of the Tertiary Education Quality and Standards Agency:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Tertiary Education Quality and Standards Agency as at 30 June 2016 and its financial performance and cash flows for the year then ended.

### *Accountable Authority's Responsibility for the Financial Statements*

The Accountable Authority of the Tertiary Education Quality and Standards Agency is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office

A handwritten signature in blue ink, appearing to read "John Jones".

John Jones  
Executive Director

Delegate of the Auditor-General

Canberra

1 September 2016

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## STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Tertiary Education Quality and Standards Agency will be able to pay its debts as and when they fall due.



**Prof Nicholas Saunders, AO**  
For and behalf of  
TEQSA Commissioners as  
Accountable Authority

1 September 2016



**Elmer Wiegold**  
Chief Financial Officer

1 September 2016

# FINANCIAL STATEMENT

**Statement of Comprehensive Income for the Tertiary Education Quality and Standards Agency**  
*for the period ended 30 June 2016*

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	7,678	9,009	8,620
Suppliers	1.1B	4,424	5,908	2,904
Depreciation and amortisation	3.2A	770	788	1,075
Finance costs	1.1C	31	55	-
Write-down and impairment of assets	1.1D	121	544	-
Losses from asset sales		30	-	-
<b>Total expenses</b>		<b>13,054</b>	<b>16,304</b>	<b>12,599</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	1.2A	98	6	15
Rental income	1.2B	166	-	-
Other revenue	1.2C	52	58	48
<b>Total own-source revenue</b>		<b>316</b>	<b>64</b>	<b>63</b>
<b>Total own-source income</b>		<b>316</b>	<b>64</b>	<b>63</b>
<b>Net cost of services</b>		<b>(12,738)</b>	<b>(16,240)</b>	<b>(12,536)</b>
Revenue from Government	1.2D	11,461	15,608	11,461
<b>Deficit attributable to the Australian Government</b>		<b>(1,277)</b>	<b>(632)</b>	<b>(1,075)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		(6)	-	-
<b>Total comprehensive loss attributable to the Australian Government</b>		<b>(1,283)</b>	<b>(632)</b>	<b>(1,075)</b>

The above statement should be read in conjunction with the accompanying notes.

## **Budget Variances Commentary**

### **Statement of Comprehensive Income for the Tertiary Education Quality and Standards Agency**

#### Employee benefits

The underspend of \$0.942m (11%) was predominantly due to lower than anticipated staffing levels attributed to higher staff turnover.

#### Suppliers

Supplier costs were \$1.520m (52%) higher than the Budget mainly due to hiring of contractors to fill the vacant positions and to manage the increased volume of applications received and the Higher Education Standards Framework (Threshold Standards) 2015 which will come into force on 1 January 2017.

#### Depreciation and amortisation

Depreciation and amortisation were lower by \$0.305m (28%) due to the impact of asset write-offs and net revaluation decrement to PP&E. The decision to postpone the purchase of new ICT equipment and computer software was also a contributing factor.

#### Write-down and impairment of assets

Write-down and impairment of assets expense was \$0.121m which was not budgeted for, resulting in a 100% variance. The expense was contributed by a write-down in the value of leasehold improvements as well as increase in make good provision for the leasehold improvements.

#### Rental income

Rental income of \$0.166m was not budgeted for as the sub leasing of surplus office space occurred after the original Budget was prepared.

#### Total comprehensive loss attributable to the Australian Government

The total comprehensive loss was \$0.208m more than the original Budget of \$1.075m. This variance was primarily due to a higher than expected supplier expenses attributed to support the volume of regulatory assessments. Following the Budget, TEQSA was approved to operate at a loss of \$0.500m in 2015-16 to reflect the funding required to deliver planned activities.

The 2015-16 operating deficit after adjusting for depreciation and amortisation expenses of \$0.770m was \$0.513m which is in line with the approved operating loss.

**Statement of Financial Position for the Tertiary Education Quality and Standards Agency  
as at 30 June 2016**

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	116	153	173
Trade and other receivables	3.1B	7,785	7,806	5,171
<b>Total financial assets</b>		<b>7,901</b>	<b>7,959</b>	<b>5,344</b>
<b>Non-financial assets</b>				
Buildings - leasehold improvements	3.2A	1,143	1,385	1,640
Plant and equipment	3.2A	431	567	659
Intangibles - computer software	3.2A	1,113	1,469	1,105
Other non-financial assets	3.2B	295	273	257
<b>Total non-financial assets</b>		<b>2,982</b>	<b>3,694</b>	<b>3,661</b>
<b>Total assets</b>		<b>10,883</b>	<b>11,653</b>	<b>9,005</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	311	210	159
Other payables	3.3B	1,588	1,931	1,519
<b>Total payables</b>		<b>1,899</b>	<b>2,141</b>	<b>1,678</b>
<b>Provisions</b>				
Employee provisions	6.1A	2,348	2,112	2,435
Other provisions	3.4A	1,328	1,676	398
<b>Total provisions</b>		<b>3,676</b>	<b>3,788</b>	<b>2,833</b>
<b>Total liabilities</b>		<b>5,575</b>	<b>5,929</b>	<b>4,511</b>
<b>Net assets</b>		<b>5,308</b>	<b>5,724</b>	<b>4,494</b>
<b>EQUITY</b>				
Contributed equity		9,599	8,732	9,599
Reserves		-	6	6
Retained surplus/(Accumulated deficit)		(4,291)	(3,014)	(5,111)
<b>Total equity</b>		<b>5,308</b>	<b>5,724</b>	<b>4,494</b>

The above statement should be read in conjunction with the accompanying notes.

## **Budget Variances Commentary**

### **Statement of Financial Position for the Tertiary Education Quality and Standards Agency**

#### Trade and other receivables

Trade and other receivables increased by \$2.614m (51%) due to a lower budgeted appropriation receivable opening balance. In addition, the sub leasing of the surplus office space gave rise to a lease incentive receivable that was not factored into the original Budget; the lease agreement was signed post 2015-16 budget publication.

#### Buildings - leasehold improvements

Buildings - leasehold improvements decreased by \$0.497m (30%) due to a decrease in the fair value of leasehold improvements following a revaluation by an independent valuer on 1 June 2016.

#### Plant and equipment

Plant and equipment is lower by \$0.228m (35%) as a result of a net revaluation decrement to TEQSA's office furniture and IT equipment.

#### Other provisions

Other provisions increased by \$0.930m (234%) as the onerous lease provision was recognised in late 2014-15 after the original Budget was prepared. Makegood provision also increased as a result of the change in the discount rate and make good rate.

#### Retained surplus/(Accumulated deficit)

The accumulated deficit was lower by \$0.820m (16%) due a variance in opening budget balance as the original Budget was prepared prior to the 2015-16 opening balance being available. The difference also relates to a lower depreciation and amortisation than budgeted.

**Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency  
for the period ended 30 June 2016**

	2016 \$'000	2015 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	8,732	7,839	8,732
<b>Adjusted opening balance</b>	<b>8,732</b>	<b>7,839</b>	<b>8,732</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	867	893	867
<b>Total transactions with owners</b>	<b>867</b>	<b>893</b>	<b>867</b>
<b>Closing balance as at 30 June</b>	<b>9,599</b>	<b>8,732</b>	<b>9,599</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	(3,014)	(2,382)	(4,036)
<b>Adjusted opening balance</b>	<b>(3,014)</b>	<b>(2,382)</b>	<b>(4,036)</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(1,277)	(632)	(1,075)
<b>Total comprehensive income</b>	<b>(1,277)</b>	<b>(632)</b>	<b>(1,075)</b>
<b>Closing balance as at 30 June</b>	<b>(4,291)</b>	<b>(3,014)</b>	<b>(5,111)</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	6	6	6
<b>Adjusted opening balance</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Comprehensive income</b>			
Other comprehensive income	(6)	-	-
<b>Total comprehensive income</b>	<b>(6)</b>	<b>-</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>-</b>	<b>6</b>	<b>6</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	5,724	5,463	4,702
<b>Adjusted opening balance</b>	<b>5,724</b>	<b>5,463</b>	<b>4,702</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(1,277)	(632)	(1,075)
Other comprehensive income	(6)	-	-
<b>Total comprehensive income</b>	<b>(1,283)</b>	<b>(632)</b>	<b>(1,075)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	867	893	867
<b>Total transactions with owners</b>	<b>867</b>	<b>893</b>	<b>867</b>
<b>Closing balance as at 30 June</b>	<b>5,308</b>	<b>5,724</b>	<b>4,494</b>

The above statement should be read in conjunction with the accompanying notes.

**Accounting Policy****Equity Injections**

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

**Restructuring of Administrative Arrangements**

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

**Other Distributions to Owners**

The FRR require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

**Budget Variances Commentary****Statement of Changes in Equity for the Tertiary Education Quality and Standards Agency****Surplus/(Deficit) for the period**

The deficit for the year was higher than budgeted by \$0.202m (19%) mainly due to the higher than expected supplier expenses attributed to support the volume of regulatory assessments.

**Cash Flow Statement for the Tertiary Education Quality and Standards Agency**  
*for the period ended 30 June 2016*

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		<b>13,286</b>	15,638	11,461
Sales of goods and rendering of services		<b>152</b>	8	63
Net GST received		<b>415</b>	400	368
<b>Total cash received</b>		<b>13,853</b>	16,046	11,892
<b>Cash used</b>				
Employees		<b>7,662</b>	10,340	8,057
Suppliers		<b>5,545</b>	5,102	3,835
Section 74 receipts transferred to OPA		<b>728</b>	735	-
<b>Total cash used</b>		<b>13,935</b>	16,177	11,892
<b>Net cash (used by) operating activities</b>	5.4A	<b>(82)</b>	(131)	-
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of property, plant and equipment and intangibles		<b>113</b>	405	867
<b>Total cash used</b>		<b>113</b>	405	867
<b>Net cash (used by) investing activities</b>		<b>(113)</b>	(405)	(867)
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		<b>158</b>	516	867
<b>Total cash received</b>		<b>158</b>	516	867
<b>Net cash from financing activities</b>		<b>158</b>	516	867
<b>Net (decrease) in cash held</b>				
Cash and cash equivalents at the beginning of the reporting period		<b>(37)</b>	(20)	-
		<b>153</b>	173	173
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>116</b>	153	173

The above statement should be read in conjunction with the accompanying notes.

## Budget Variances Commentary

### Cash Flow Statement for the Tertiary Education Quality and Standards Agency

#### Cash received - Appropriations

Appropriations drawdown was higher than budget by \$1.825m (16%) due to the increase in supplier expenses requiring cash appropriation drawdown.

#### Cash used - Suppliers

Cash paid to suppliers was higher than budget by \$1.710m (45%) due to a higher than expected cost of employing resources including contractors and fluctuations with the timing of payments to suppliers.

#### Cash used - Purchase of property, plant and equipment and intangibles

Cash used for purchase of property, plant and equipment and intangibles was lower by \$0.754 (87%) due to delays in implementing the Records Management System and other planned fixed asset purchases.

#### Cash received - Contributed equity

Cash drawdown from contributed equity was lower by \$0.709m (82%) due to lower purchase of property, plant and equipment and intangibles.

**Administered Schedule of Comprehensive Income for the Tertiary Education Quality and Standards Agency**  
*for the period ended 30 June 2016*

	Notes	2016 \$'000	2015 \$'000	Original Budget \$000
<b>NET COST OF SERVICES</b>				
<b>Income</b>				
<b>Revenue</b>				
<b>Non-taxation revenue</b>				
Fees	2.2A	<b>4,015</b>	3,561	4,201
<b>Total non-taxation revenue</b>		<b>4,015</b>	3,561	4,201
<b>Total revenue</b>		<b>4,015</b>	3,561	4,201
<b>Total income</b>		<b>4,015</b>	3,561	4,201

The above schedule should be read in conjunction with the accompanying notes.

**Budget Variances Commentary**

**Administered Schedule of Comprehensive Income for the Tertiary Education Quality and Standards Agency**

Fees

Fees was \$0.186m below the budgeted revenue due to assumptions made in the Budget which did not materialise.

**Administered Schedule of Assets and Liabilities for the Tertiary Education Quality and Standards Agency**  
**as at 30 June 2016**

	2016 \$'000	2015 \$'000	Original Budget \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	-	-	-
<b>Total financial assets</b>	-	-	-
<b>Total assets administered on behalf of Government</b>	-	-	-
<b>Net assets</b>	-	-	-

The above schedule should be read in conjunction with the accompanying notes.

**Administered Reconciliation Schedule for the Tertiary Education Quality and Standards Agency**

	2016 \$'000	2015 \$'000	Original Budget \$'000
<b>Opening assets less liabilities as at 1 July</b>	-	-	-
<b>Net contribution by services</b>			
Income	<b>4,015</b>	3,561	4,201
<b>Transfers (to)/from the Australian Government</b>			
Appropriation transfers from Official Public Account (OPA)			
Special appropriations (limited)	94	69	200
Appropriation transfers to OPA			
Transfers to OPA	<b>(4,109)</b>	(3,630)	(4,401)
<b>Closing assets less liabilities as at 30 June</b>	-	-	-

The above schedule should be read in conjunction with the accompanying notes.

**Accounting Policy**

*Administered Cash Transfers to and from the Official Public Account*

Revenue collected by TEQSA for use by the Government rather than TEQSA is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by TEQSA on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

**Administered Cash Flow Statement for the Tertiary Education Quality and Standards Agency**  
*for the period ended 30 June 2016*

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Fees		<b>4,109</b>	3,630	4,401
<b>Total cash received</b>		<b>4,109</b>	3,630	4,401
<b>Cash used</b>				
Refunds to higher education providers		<b>94</b>	69	200
<b>Total cash used</b>		<b>94</b>	69	200
<b>Net cash from operating activities</b>	5.4B	<b>4,015</b>	3,561	4,201
<b>Net increase in cash held</b>		<b>4,015</b>	3,561	4,201
Cash and cash equivalents at the beginning of the reporting period		-	-	-
<b>Cash from Official Public Account</b>				
Appropriations		<b>94</b>	69	200
<b>Total cash from official public account</b>		<b>94</b>	69	200
<b>Cash to Official Public Account</b>				
Appropriations		<b>(4,109)</b>	(3,630)	(4,401)
<b>Total cash to official public account</b>		<b>(4,109)</b>	(3,630)	(4,401)
<b>Cash and cash equivalents at the end of the reporting period</b>		-	-	-

This schedule should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## Objectives of the Tertiary Education Quality and Standards Agency

The Tertiary Education Quality and Standards Agency (TEQSA) is an Australian Government controlled entity. It is a not-for-profit entity. TEQSA is Australia's independent quality assurance and regulatory agency for higher education.

TEQSA was established in July 2011 under Section 132 of the *Tertiary Education Quality and Standards Agency Act 2011* with the objective to maintain and enhance quality, diversity and innovation in the Australian higher education sector through quality assurance and nationally consistent regulation. Since 29 January 2012, TEQSA has regulated higher education providers against a national set of quality standards known as the Threshold Standards. Since 1 July 2012, TEQSA has fully regulated providers in accordance with its responsibilities under the *Education Services for Overseas Students Act 2000*.

TEQSA is structured to meet one outcome:

*Outcome 1: Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.*

The continued existence of TEQSA in its present form and with its present programmes is dependent on Government policy and on continuing funding by Parliament for TEQSA's administration and programmes.

TEQSA activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by TEQSA in its own right. Administered activities involve the management or oversight by TEQSA, on behalf of the Government, of items controlled or incurred by the Government.

TEQSA has in place partial cost recovery arrangements for specified services (including registration and re-registration of providers; accreditation and re-accreditation of courses; and major variations to registrations and accreditations) to higher education providers. All fee revenue from cost recovery arrangements is administered revenue and is returned to the consolidated revenue fund.

## The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

## New Accounting Standards

### Adoption of New Australian Accounting Standard Requirements

The following standard has been adopted in 2014-15 which is earlier than the application date stated in the standard:

- AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* – this standard is effective from 1 July 2016 and amends AASB 13 *Fair Value Measurement* to provide disclosure relief to not-for-profit sector entities from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate future net cash flows.

All other new standards, revised standards, amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on TEQSA's financial statements.

### Future Australian Accounting Standards Requirements

The following new standards, revised standards, amending standards and interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Accountable Authority and Chief Financial Officer, which are expected to have a material impact on TEQSA's financial statements for future reporting periods:

- AASB 124 *Related Party Disclosures* - applies from 1 July 2016 requiring disclosure of transactions between not-for-profit public sector entities and their related parties.
- AASB 16 *Leases* - operative from 1 January 2019. Requires lessee to recognise assets and liabilities for operating leases with a term of more than 12 months, unless the underlying asset is of low value.

All other new standards, revised standards, amending standards and interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on TEQSA's financial statements.

## Taxation

TEQSA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

### Events After the Reporting Period

#### Departmental

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of TEQSA.

#### Administered

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of TEQSA.

## FINANCIAL PERFORMANCE

This section analyses the financial performance of the Tertiary Education Quality and Standards Agency for the year ended 2016.

### 1.1 Expenses

	2016 \$'000	2015 \$'000
<b>1.1A: Employee Benefits</b>		
Wages and salaries	5,443	6,980
Superannuation		
Defined contribution plans	557	604
Defined benefit plans	510	653
Leave and other entitlements	616	584
Separation and redundancies	552	188
<b>Total employee benefits</b>	<b>7,678</b>	<b>9,009</b>

### Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

### 1.1B: Suppliers

#### Goods and services supplied or rendered

Consultants	43	82
Contractors	1,294	743
Travel	324	194
IT services	471	626
Other	1,261	1,444
<b>Total goods and services supplied or rendered</b>	<b>3,393</b>	<b>3,089</b>
Goods supplied	137	74
Services rendered	3,256	3,015
<b>Total goods and services supplied or rendered</b>	<b>3,393</b>	<b>3,089</b>

#### Other suppliers

Operating lease rentals in connection with		
Minimum lease payments	915	2,561
Workers compensation expenses	116	258
<b>Total other suppliers</b>	<b>1,031</b>	<b>2,819</b>
<b>Total suppliers</b>	<b>4,424</b>	<b>5,908</b>

### Leasing commitments

TEQSA has two leases for its Melbourne office accommodation. The original lease which commenced in 2011-12 expires on 30 April 2022, with a five year option.

Another lease was entered during 2012-13 for additional office space with an expiry date of 14 May 2017 and includes two further options of five years each.

Lease payments are subject to a fixed percentage annual increase in accordance with the lease agreements.

	2016 \$'000	2015 \$'000
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within 1 year	1,672	1,621
Between 1 to 5 years	6,797	6,684
More than 5 years	1,606	3,429
<b>Total operating lease commitments</b>	<b>10,075</b>	<b>11,734</b>

#### **Accounting Policy**

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

#### **1.1C: Finance Costs**

Unwinding of discount	31	55
<b>Total finance costs</b>	<b>31</b>	<b>55</b>

#### **Accounting Policy**

All borrowing costs are expensed as incurred.

#### **1.1D Write-Down and Impairment of Assets**

Impairment of property, plant and equipment	-	528
Revaluation decrements	121	16
<b>Total write-down and impairment of assets</b>	<b>121</b>	<b>544</b>

## 1.2 Own-Source Revenue and Gains

	2016 \$'000	2015 \$'000
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### Own-Source Revenue

#### 1.2A: Sale of Goods and Rendering of Services

Rendering of services	98	6
<b>Total sale of goods and rendering of services</b>	<b>98</b>	<b>6</b>

### Accounting Policy

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the entity retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

#### 1.2B: Rental Income

Operating lease		
Sublease rental	166	-
<b>Total rental income</b>	<b>166</b>	<b>-</b>

### Subleasing rental income commitments

During 2015-16, TEQSA entered into two sublease agreements for the letting of surplus office space. The two subleases commenced on 21 September 2015 and 30 January 2016 and expire on 28 February 2022 and 15 April 2017 respectively.

Lease payments are subject to a fixed percentage annual increase in accordance with the sublease agreements.

### Commitments for sublease rental income receivables are as follows:

Within 1 year	353	-
Between 1 to 5 years	1,265	-
More than 5 years	259	-
<b>Total sublease rental income commitments</b>	<b>1,877</b>	<b>-</b>

	2016 \$'000	2015 \$'000
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### **1.2C: Other Revenue**

Resources received free of charge

    Remuneration of auditors

**Total other revenue**

<b>52</b>	<b>58</b>
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### **Accounting Policy**

#### Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated.

Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

### **1.2D: Revenue from Government**

Appropriations:

    Departmental appropriations

**Total revenue from Government**

<b>11,461</b>	15,608
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### **Accounting Policy**

#### Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when TEQSA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

## INCOME AND EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT

This section analyses the activities that the Tertiary Education Quality and Standards Agency does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 2.1 Administered - Expenses

At 30 June 2016, there are no Administered Expenses for TEQSA (2015: nil).

### 2.2 Administered - Income

	2016 \$'000	2015 \$'000
<b>Revenue</b>		
<b>Non-Taxation Revenue</b>		
<b>2.2A: Fees</b>		
Fees from regulatory services	<u>4,015</u>	<u>3,561</u>
<b>Total fees</b>	<u>4,015</u>	<u>3,561</u>

### Accounting Policy

All administered revenues are revenues relating to ordinary activities performed by TEQSA on behalf of the Australian Government. As such, administered appropriations are not revenues of TEQSA that oversees distribution or expenditure of the funds as directed.

## FINANCIAL POSITION

This section analyses the Tertiary Education Quality and Standard's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 3.1 Financial Assets

	2016 \$'000	2015 \$'000
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#### 3.1A: Cash and Cash Equivalents

Cash on hand or on deposit	116	153
<b>Total cash and cash equivalents</b>	<b>116</b>	<b>153</b>

#### Accounting Policy

##### Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) cash in special accounts.

#### 3.1B: Trade and Other Receivables

##### Goods and services receivables

Goods and services	54	-
<b>Total goods and services receivables</b>	<b>54</b>	<b>-</b>

##### Appropriations receivables

Appropriation receivable	7,288	7,676
<b>Total appropriations receivables</b>	<b>7,288</b>	<b>7,676</b>

##### Other receivables

GST receivable from the Australian Taxation Office	136	114
Sublease incentive	154	-
Operating sublease receivable	136	-
Other	17	16
<b>Total other receivables</b>	<b>443</b>	<b>130</b>
<b>Total trade and other receivables (gross)</b>	<b>7,785</b>	<b>7,806</b>

##### Trade and other receivables (net) expected to be recovered

No more than 12 months	7,523	7,806
More than 12 months	262	-
<b>Total trade and other receivables (net)</b>	<b>7,785</b>	<b>7,806</b>

##### Trade and other receivables (gross) aged as follows

Not overdue	7,756	7,806
Overdue by		
0 to 30 days	-	-
31 to 60 days	29	-
61 to 90 days	-	-
More than 90 days	-	-
<b>Total trade and other receivables (gross)</b>	<b>7,785</b>	<b>7,806</b>

Credit terms for goods and services were within 30 days (2015: 30 days).

No provision for impairment is provided for as at balance date.

#### **Accounting Policy**

##### **Loans and Receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Financial assets are assessed for impairment at the end of each reporting period.

### 3.2 Non-Financial Assets

#### 3.2.A. Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

##### Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2016

	Buildings - leasehold improvements \$'000	Plant and equipment \$'000	Intangibles - Computer Software <sup>1</sup> \$'000	Total \$'000
<b>As at 1 July 2015</b>				
Gross book value	1,837	842	1,961	4,640
Accumulated depreciation, amortisation and impairment	(452)	(275)	(492)	(1,219)
<b>Total as at 1 July 2015</b>	<b>1,385</b>	<b>567</b>	<b>1,469</b>	<b>3,421</b>
Additions				
Purchase	13	7	-	20
Internally developed	-	-	93	93
Revaluations recognised in net cost of services	(33)	(7)	-	(40)
Depreciation and amortisation	(215)	(117)	(438)	(770)
Other movements	(7)	-	-	(7)
Disposals				
Other				
<b>Total as at 30 June 2016</b>	<b>1,143</b>	<b>431</b>	<b>(19)</b>	<b>(11)</b>
<b>Total as at 30 June 2016 represented by</b>				
Gross book value	1,153	515	2,026	3,694
Accumulated depreciation, amortisation and impairment	(10)	(84)	(913)	(1,007)
<b>Total as at 30 June 2016</b>	<b>1,143</b>	<b>431</b>	<b>1,113</b>	<b>2,687</b>

1. The carrying amount of computer software included \$0.053m purchased software and \$1.060m internally generated software.

No indicators of impairment was found for property, plant and equipment and intangible assets.

Other than the leasehold improvements pertaining to an office lease expiring in May 2017 and which will not be renewed, no other property, plant and equipment and intangible assets are expected to be sold or disposed of within the next 12 months.

### **Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.4. On 1 June 2016, an independent valuer conducted the revaluations.

### **Contractual commitments for the acquisition of property, plant and equipment and intangible assets**

There were no significant contractual commitments for the acquisition of property, plant and equipment and intangible assets as at balance date.

### **Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2015**

	Buildings - leasehold improvements \$'000	Plant and equipment \$'000	Intangibles - Computer Software \$'000	Total \$'000
As at 1 July 2014				
Gross book value	2,536	837	1,615	4,988
Accumulated depreciation, amortisation and impairment	(342)	(133)	(140)	(615)
<b>Total as at 1 July 2014</b>	<b>2,194</b>	<b>704</b>	<b>1,475</b>	<b>4,373</b>
Additions				
Purchase	13	5	40	58
Internally developed	-	-	347	347
Impairments recognised in net cost of services	(528)	-	-	(528)
Depreciation and amortisation	(294)	(142)	(352)	(788)
Other movements	-	-	(41)	(41)
Disposals				
Other				
<b>Total as at 30 June 2015</b>	<b>1,385</b>	<b>567</b>	<b>1,469</b>	<b>3,421</b>
Total as at 30 June 2015 represented by				
Gross book value	1,837	842	1,961	4,640
Accumulated depreciation, amortisation and impairment	(452)	(275)	(492)	(1,219)
<b>Total as at 30 June 2015</b>	<b>1,385</b>	<b>567</b>	<b>1,469</b>	<b>3,421</b>

## **Accounting Policy**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

### **Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by TEQSA where there exists an obligation to restore the property to its original condition. These costs are included in the value of TEQSA's leasehold improvements with a corresponding provision for the 'make good' recognised.

### **Revaluations**

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverse a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

### **Depreciation**

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to TEQSA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2016	2015
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 10 years	3 to 10 years

### **Impairment**

All assets were assessed for impairment at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if TEQSA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### **Intangibles**

TEQSA's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of TEQSA's software are 3 to 5 years (2015: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2016.

### **Accounting Judgements and Estimates**

The fair value of non-financial assets has been taken to be the market value of similar assets as determined by an independent valuer.

	2016 \$'000	2015 \$'000
<b><u>3.2B: Other Non-Financial Assets</u></b>		
Prepayments	<b>295</b>	273
<b>Total other non-financial assets</b>	<b>295</b>	273
<b>Other non-financial assets expected to be recovered</b>		
No more than 12 months	294	272
More than 12 months	1	1
<b>Total other non-financial assets</b>	<b>295</b>	273

No indicators of impairment were found for other non-financial assets.

### 3.3 Payables

	2016 \$'000	2015 \$'000
<b><u>3.3A: Suppliers</u></b>		
Trade creditors and accruals	311	210
<b>Total suppliers</b>	<b>311</b>	<b>210</b>
<b>Suppliers expected to be settled</b>		
No more than 12 months	311	210
More than 12 months	-	-
<b>Total suppliers</b>	<b>311</b>	<b>210</b>
Settlement is usually made within 30 days.		
<b><u>3.3B: Other Payables</u></b>		
Salaries and wages	24	210
Superannuation	3	37
Lease incentive	995	1,166
Operating lease payable	565	503
Other	1	15
<b>Total other payables</b>	<b>1,588</b>	<b>1,931</b>
<b>Other payables to be settled</b>		
No more than 12 months	207	442
More than 12 months	1,381	1,489
<b>Total other payables</b>	<b>1,588</b>	<b>1,931</b>

### 3.4 Other Provisions

#### 3.4A: Other Provisions

	Provision for restoration <sup>1</sup> \$'000	Provision for onerous contracts <sup>2</sup> \$'000	Total \$'000
<b>As at 1 July 2015</b>	430	1,246	1,676
Additional provisions made	87	255	342
Amounts used	-	(611)	(611)
Amounts reversed	-	(110)	(110)
Unwinding of discount or change in discount rate	13	18	31
<b>Total as at 30 June 2016</b>	<b>530</b>	<b>798</b>	<b>1,328</b>
<hr/>			
	<b>2016</b> <b>\$'000</b>	2015 <b>\$'000</b>	
<b>Other provisions expected to be settled</b>			
No more than 12 months	225	280	
More than 12 months	1,103	1,396	
<b>Total other provisions</b>	<b>1,328</b>	<b>1,676</b>	

- TEQSA currently has 2 (2015: 2) agreements for the leasing of premises which have provisions requiring TEQSA to restore the premises to their original condition at the conclusion of the lease. TEQSA has made a provision to reflect the present value of this obligation.
- TEQSA currently has 2 (2015: 2) agreements for the leasing of accommodation which are surplus to its requirements. TEQSA has made a provision to reflect the present value of the expected costs to be incurred that are in excess of the economic benefit expected to be derived from these leases.

#### Accounting Judgements and Estimates

When the present value of the future cash flows receivable from the operation of leased assets is less than the present value of the rental payments to which TEQSA is committed, TEQSA applies the shortfall firstly against the carrying amount of the assets, and then provides for any further onerous element of the contract

TEQSA has made a provision for its onerous obligations under non-cancellable operating leases where the leased property is vacant and where the rental expense is in excess of income. Determining the amount of such provision requires estimating the future net cash flows receivable, and in particular case where the leased property is vacant, this requires assessing the likely period for which the property will remain vacant, the cost of any works required to enhance its marketability and the rental income receivable when the property is sublet. To the extent that actual cash flows received differ from those estimated, the amount of provision recognised could differ materially.

## ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT

This section analyses assets used to conduct operations and the operating liabilities incurred as a result the Tertiary Education Quality and Standards Agency does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 4.1 Administered - Financial Assets

At 30 June 2016, there are no Administered Financial Assets for TEQSA (2015: nil).

### 4.2 Administered - Payables

At 30 June 2016, there are no Administered Payables for TEQSA (2015: nil).

## FUNDING

This section identifies the Tertiary Education Quality and Standards Agency's funding structure.

### 5.1 Appropriations

#### 5.1A: Annual Appropriations ("Recoverable GST exclusive")

Annual Appropriations for 2016						
	Appropriation Act		PGPA Act			
Departmental	Annual Appropriation <sup>1</sup> \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000	Total appropriation \$'000	Appropriation applied in 2016 (current and prior years) \$'000
Ordinary annual services	11,461	-	728	-	12,189	13,323
Capital Budget <sup>3</sup>	867	-	-	-	867	158
Other services	-	-	-	-	-	709
Equity Injections	-	-	-	-	-	-
<b>Total departmental</b>	<b>12,328</b>	<b>-</b>	<b>728</b>	<b>-</b>	<b>13,056</b>	<b>13,481</b>
<b>Administered</b>						
Ordinary annual services	-	-	-	-	-	-
Capital Budget <sup>3</sup>	-	-	-	-	-	-
Administered items	-	-	-	-	-	-
Other services	-	-	-	-	-	-
<b>Total administered</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1. In 2015-16, there were no appropriations which have been withheld (Section 51 of the PGPA Act) and quarantined for administration purposes.
2. In 2015-16, the variance between total appropriation and appropriation applied in 2016 for Ordinary Annual Services relates to payments funded from unspent prior year appropriation items. The underspend in Departmental Capital Budget was mainly due to the delay in implementing the Records Management System and other planned fixed asset purchases.
3. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

**Annual Appropriations for 2015**

	<i>Appropriation Act</i>		<i>PGPA Act</i>		Appropriation applied in 2015 (current and prior years) \$000	Variance <sup>2</sup> \$000
	Annual Appropriation <sup>1</sup> \$000	Advance to the Finance Minister \$000	Section 74 Receipts \$000	Section 75 Transfers \$000		
Departmental						
Ordinary annual services	15,623	-	735	-	16,358	15,638
Capital Budget <sup>3</sup>	893	-	-	-	893	516
Other services	-	-	-	-	-	-
Equity Injections	-	-	-	-	-	-
Total departmental	16,516	-	735	-	17,251	16,154
Administered						
Ordinary annual services	-	-	-	-	-	-
Capital Budget <sup>3</sup>	-	-	-	-	-	-
Administered items	-	-	-	-	-	-
Other services	-	-	-	-	-	-
Total administered	-	-	-	-	-	-

1. The appropriation for 2014-15 included an amount of \$15,000 which was withheld under Section 51 of the PGPA Act arising from a targeted savings measure. This reduction is reflected in the Statement of Comprehensive Income and in the Statement of Financial Position.

2. In 2014-15, the variance between total appropriation and appropriation applied in 2015 was mainly due to less than budgeted expenditure on employee benefits and deferment in the purchase of new IT software and equipment.

3. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

**5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2016 \$'000	2015 \$'000
<b>Departmental</b>		
Appropriation Act (No. 1) 2015-16	5,906	-
Departmental Capital Budget Appropriation Act (No. 1) 2015-16	867	-
Appropriation Act (No. 1) 2014-15	15	7,055
Departmental Capital Budget Appropriation Act (No. 1) 2014-15	631	789
<b>Total departmental</b>	<b>7,419</b>	<b>7,844</b>

**5.1C: Special Appropriations ('Recoverable GST exclusive')**

<b>Authority</b>	<b>Appropriation applied</b>	
	2016 \$'000	2015 \$'000
Public Governance, Performance and Accountability Act 2013 s77, Repayments by the Commonwealth	94	69
<b>Total special appropriations applied</b>	<b>94</b>	<b>69</b>

## 5.2 Regulatory Charging Summary

	2016 \$'000	2015 \$'000
<b>Amounts applied</b>		
Departmental		
Annual appropriations	<u>10,912</u>	9,285
<b>Total amounts applied</b>	<u>10,912</u>	9,285
 <b>Expenses</b>		
Departmental		
<b>Total expenses</b>	<u>10,566</u>	9,371
 <b>External Revenue</b>		
Administered		
<b>Total external revenue</b>	<u>4,015</u>	3,561

### Regulatory charging activities:

TEQSA has in place partial regulatory charging for specified services to higher education providers including: registration and re-registration of providers; accreditation and re-accreditation of courses; and major variations to registrations and accreditations.

All fee revenue from regulatory charging activities is administered revenue and is returned to the Consolidated Revenue Fund. TEQSA does not have any administered expenses.

Documentation (Cost Recovery Implementation Statement) for the above activities is available at <http://www.teqsa.gov.au/for-providers/teqsa-fees>.

### **5.3 Net Cash Appropriation Arrangements**

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	(513)	156
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(770)	(788)
<b>Total comprehensive income/(loss) - as per the Statement of Comprehensive Income</b>	<b>(1,283)</b>	<b>(632)</b>

## 5.4 Cash Flow Reconciliation

### 5.4A: Cash Flow Reconciliation

	2016 \$'000	2015 \$'000
<b>Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement</b>		
<b>Cash and cash equivalents as per</b>		
Cash flow statement	116	153
Statement of financial position	<u>116</u>	<u>153</u>
<b>Discrepancy</b>	<u>-</u>	<u>-</u>
 <b>Reconciliation of net cost of services to net cash from/(used by) operating activities</b>		
Net cost of services	(12,738)	(16,240)
Revenue from Government	<u>11,461</u>	<u>15,608</u>
 <b>Adjustments for non-cash items</b>		
Depreciation/amortisation	770	788
Net write down and impairment of non-financial assets	<u>121</u>	<u>544</u>
Loss from asset sales	30	-
Other non-cash item	<u>-</u>	<u>41</u>
 <b>Movement in assets and liabilities</b>		
<b>Assets</b>		
(Increase)/Decrease in net receivables	736	(713)
(Increase)/Decrease in prepayments	<u>(22)</u>	<u>13</u>
<b>Liabilities</b>		
Increase/(Decrease) in employee provisions	236	(1,337)
Increase in suppliers payables	<u>101</u>	<u>39</u>
(Decrease) in other payables	(343)	(136)
Increase/(Decrease) in other provisions	<u>(434)</u>	<u>1,262</u>
<b>Net cash (used by) operating activities</b>	<u>(82)</u>	<u>(131)</u>

### 5.4B: Administered - Cash Flow Reconciliation

	2016 \$'000	2015 \$'000
<b>Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities and administered cash flow statement</b>		
<b>Cash and cash equivalents as per</b>		
Administered cash flow statement	<u>-</u>	<u>-</u>
Administered schedule of assets and liabilities	<u>-</u>	<u>-</u>
<b>Discrepancy</b>	<u>-</u>	<u>-</u>
 <b>Reconciliation of net cost of services to net cash from operating activities</b>		
Net contribution by services	4,015	3,561
<b>Net cash from operating activities</b>	<u>4,015</u>	<u>3,561</u>

# PEOPLE AND RELATIONSHIPS

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

## 6.1 Employee Provisions

	2016 \$'000	2015 \$'000
<b>6.1A: Employee Provisions</b>		
Leave	1,839	1,876
Separations and redundancies	509	236
<b>Total employee provisions</b>	<b>2,348</b>	<b>2,112</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	999	884
More than 12 months	1,349	1,228
<b>Total employee provisions</b>	<b>2,348</b>	<b>2,112</b>

### Accounting Policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including TEQSA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by the use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. TEQSA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

#### Superannuation

TEQSA's staff are members of the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

TEQSA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. TEQSA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

## 6.2 Senior Management Personnel Remuneration

	2016 \$'000	2015 \$'000
<b>Short-term employee benefits</b>		
Salary	742	1,327
<b>Total short-term employee benefits</b>	<u>742</u>	<u>1,327</u>
<b>Post-employment benefits</b>		
Superannuation	89	174
<b>Total post-employment benefits</b>	<u>89</u>	<u>174</u>
<b>Other long-term employee benefits</b>		
Annual leave	14	69
Long-service leave <sup>1</sup>	5	(51)
<b>Total other long-term employee benefits</b>	<u>19</u>	<u>18</u>
<b>Total senior executive remuneration expenses</b>	<u>850</u>	<u>1,519</u>

The total number of senior management personnel that are included in the above table are 5 (2015: 10).

1. During 2014-15, 6 senior management personnel resigned from TEQSA and the long service leave paid out on separation was lower than previously accrued. This resulted in a credit of \$51,000 to employee benefits expense in the Statement of Comprehensive Income.

## MANAGING UNCERTAINTIES

This section analyses how the Tertiary Education Quality and Standards Agency manages financial risks within its operating environment.

### 7.1 Contingent Assets and Liabilities

#### **7.1A: Contingent Assets and Liabilities**

##### **Quantifiable Contingencies**

TEQSA had no quantifiable departmental contingencies at 30 June 2016 (2015: below \$10,000 in respect of a claim for compensation).

##### **Unquantifiable Contingencies**

TEQSA had no unquantifiable departmental contingencies at 30 June 2016 (2015: nil).

#### **7.1B: Administered - Contingent Assets and Liabilities**

##### **Quantifiable Contingencies**

TEQSA had no quantifiable administered contingencies at 30 June 2016 (2015: nil).

##### **Unquantifiable Contingencies**

TEQSA had no unquantifiable administered contingencies at 30 June 2016 (2015: nil).

### **Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

## 7.2 Financial Instruments

	2016 \$'000	2015 \$'000
<b>7.2A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	116	153
Trade and other receivables	71	16
<b>Total loans and receivables</b>	<b>187</b>	<b>169</b>
<b>Total financial assets</b>	<b>187</b>	<b>169</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers payables	311	210
<b>Total financial liabilities measured at amortised cost</b>	<b>311</b>	<b>210</b>
<b>Total financial liabilities</b>	<b>311</b>	<b>210</b>

## Accounting Policy

### Financial assets

TEQSA classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) available-for-sale financial assets; and
- d) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. TEQSA only holds financial assets of loans and receivables.

Financial assets are recognised and derecognised upon trade date.

### Effective Interest Method

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

### Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### **7.2B: Net Gains or Losses on Financial Assets**

There were no gains or losses from financial assets - loans and receivables in the year ended 30 June 2016 (2015: nil)

### **7.2C: Net Gains or Losses on Financial Liabilities**

There were no gains or losses from other financial liabilities in the year ended 30 June 2016 (2015: nil)

### **7.2D: Fair Value of Financial Instruments**

TEQSA considers the carrying amounts of financial instruments reported in the statement of financial position are a reasonable approximation of their fair value as at 30 June 2016.

	Carrying amount 2016 \$'000	Fair value 2016 \$'000	Carrying amount 2015 \$'000	Fair value 2015 \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	116	116	153	153
Trade and other receivables	71	71	16	16
<b>Total financial assets</b>	<b>187</b>	<b>187</b>	<b>169</b>	<b>169</b>
<b>Financial Liabilities</b>				
Suppliers payable	311	311	210	210
<b>Total financial liabilities</b>	<b>311</b>	<b>311</b>	<b>210</b>	<b>210</b>

### **7.2E: Credit Risk**

TEQSA is exposed to minimal credit risk as loans and receivables are cash, trade and other receivables. The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total of trade and other receivables of \$71,000 (2015: \$16,000). At 30 June 2016, TEQSA has assessed that there is no risk of default on payment.

TEQSA has policies and procedures that guide the recovery of debts. It holds no collateral to mitigate against credit risk due to the minimum risk exposure.

No financial instruments were impaired in 2016 (2015: nil).

#### **Credit quality of financial assets not past due or individually determined as impaired**

	Not past due or impaired 2016 \$'000	Not past due or impaired 2015 \$'000	Past due or impaired 2016 \$'000	Past due or impaired 2015 \$'000
Cash and cash equivalents	116	153	-	-
Trade and other receivables	42	16	29	-
<b>Total</b>	<b>158</b>	<b>169</b>	<b>29</b>	<b>-</b>

**Ageing of financial assets that were past due but not impaired in 2016**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	-	29	-	-	29
<b>Total</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>29</b>

**Ageing of financial assets that were past due but not impaired in 2015**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Trade and other receivables	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**7.2F: Liquidity Risk**

TEQSA's financial liabilities are suppliers payables. The exposure to liquidity risk is based on the notion that TEQSA will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to appropriation funding and mechanisms available to TEQSA (e.g. Advance to the Finance Minister). TEQSA manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, TEQSA has policies in place to ensure timely payments are made when due and has no past experience of default.

All non-derivative financial liabilities mature within one year (2015: one year). TEQSA has no derivative financial liabilities in either 2016 or 2015.

**7.2G: Market Risk**

TEQSA holds basic financial instruments that do not expose it to market risks.

TEQSA is not exposed to currency risk, other price risk or interest rate risk.

**7.3 Administered - Financial Instruments**

TEQSA had no administered financial instruments as at 30 June 2016 (2015: nil).

#### **7.4 Fair Value Measurement**

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

#### **Accounting Policy**

TEQSA engaged the service of the Australian Valuation Solutions (AVS) to conduct a detailed external valuation of all non-financial assets at 1 June 2016 and has relied upon those outcomes to establish carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. AVS has provided written assurance to TEQSA that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

**Physical Depreciation and Obsolescence - Assets** that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach, the estimated cost to replace the asset is calculated and then adjusted to take into physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

TEQSA's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

#### 7.4A: Fair Value Measurement

Fair value measurements  
at the end of the reporting period

	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3) <sup>3,4</sup>	Valuation Technique(s) and Inputs Used
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#### Non-financial assets<sup>2</sup>

Building - Leasehold improvements <sup>1</sup>	1,143	1,385	3	<b>Depreciated Replacement Cost:</b> The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for physical depreciation and obsolescence.
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**Inputs:** Current costs per square metre of floor area relevant to the location of the asset. Physical depreciation and obsolescence has been determined based on the term of the associated lease.

#### Plant and equipment<sup>1</sup>

431	567	2
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**Market Approach:** This approach seeks to estimate the current value of an asset with reference to recent market transactions involving identical or comparable assets.

**Inputs:** Prices and other relevant information generated by market transactions involving plant and equipment assets were considered.

- No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2016 (2015, Nil).
- TEQSA's assets are held for operational purpose and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.
- There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year.
- The remaining assets and liabilities reported by TEQSA are not measured at fair value in the Statement of Financial Position.
- TEQSA has chosen to early adopt AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015. The future economic benefits of TEQSA's non-financial assets are not primarily dependent on their ability to generate cash flows. TEQSA has not disclosed qualitative information about the significant unobservable inputs or narrative description of the sensitivities of the fair value measurements to changes in the unobservable inputs.

**7.4B: Reconciliation for Recurring Level 3 Fair Value Measurements**

	Non-financial assets			
	Building - Leasehold improvements	Total	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July</b>				
Total losses recognised in net cost of services <sup>1</sup>	1,385	2,194	1,385	2,194
Purchases	(248)	(822)	(248)	(822)
Transfers into Level 3 <sup>2</sup>	13	13	13	13
Transfers out of Level 3 <sup>3</sup>	-	-	-	-
<b>Total as at 30 June</b>	<b>(7)</b>	<b>1,143</b>	<b>1,385</b>	<b>1,385</b>

1. These losses are presented in the Statement of Comprehensive Income under Depreciation expense and Write-down and Impairment of Assets.
2. There have been no transfers into Level 3 during the year.
3. The transfer out of Level 3 relates to purchases in 2014-15 which have been reclassified as lease receivables.

**7.5 Administered - Fair Value Measurement**

TEQSA had no administered assets and liabilities as at 30 June 2016 (2015: nil), hence fair value measurement is not applicable.

## OTHER INFORMATION

### 8.1 Reporting of Outcomes

	Outcome 1 <sup>1</sup>		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Departmental<sup>2</sup></b>				
Expenses	<b>13,054</b>	16,304	<b>13,054</b>	16,304
Own-source income	<b>316</b>	64	<b>316</b>	64
<b>Administered</b>				
Expenses	-	-	-	-
Income <sup>3</sup>	<b>4,015</b>	3,561	<b>4,015</b>	3,561
<b>Net cost of outcome delivery</b>	<b>8,723</b>	12,679	<b>8,723</b>	12,679
<b>Departmental<sup>2</sup></b>				
Assets	<b>10,883</b>	11,653	<b>10,883</b>	11,653
Liabilities	<b>5,575</b>	5,929	<b>5,575</b>	5,929
<b>Administered</b>				
Assets	-	-	-	-
Liabilities	-	-	-	-

1. Outcome 1 is described in the objectives of TEQSA (refer Page 64). Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome.
2. The major classes of departmental expenses and income that contribute to TEQSA's outcome are as shown in the Statement of Comprehensive Income and Statement of Financial Position.
3. Administered income comprised fees from regulatory services.



## SECTION 6: APPENDICES



- ▶ APPENDIX A:  
Summary of resources
- ▶ APPENDIX B:  
Staffing profile
- ▶ APPENDIX C:  
Freedom of information
- ▶ APPENDIX D:  
Ecologically sustainable  
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- ▶ APPENDIX F:  
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- ▶ APPENDIX G:  
Complaints handling
- ▶ APPENDIX H:  
Disability reporting

## APPENDIX A: SUMMARY OF RESOURCES

### ENTITY RESOURCE STATEMENT 2015–16

	Actual available appropriation for 2015–16 \$'000 (a)	Payments made for 2015–16 \$'000 (b)	Balance remaining 2015–16 \$'000 (a)-(b)
<b>Ordinary annual services<sup>1</sup></b>			
<b>Departmental appropriation<sup>2</sup></b>	20,900	13,481	7,419
<b>Total</b>	<b>20,900</b>	<b>13,481</b>	<b>7,419</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>20,900</b>	<b>13,481</b>
<b>Total available annual appropriations and payments</b>		<b>20,900</b>	<b>13,481</b>
<b>Special appropriations</b>			
Special appropriations limited by criteria/entitlement			
<i>Public Governance, Performance and Accountability Act 2013 - s77</i>		94	
<b>Total special appropriations</b>	<b>B</b>		<b>94</b>
<b>Total resourcing and payments for TEQSA</b>	<b>A+B</b>	<b>20,900</b>	<b>13,575</b>

<sup>1</sup> Appropriation Act (No. 1) 2015–16. This also includes prior-year departmental appropriation and section 74 retained revenue receipts.

<sup>2</sup> Includes an amount of \$0.867 m in 2015–16 for the departmental capital budget. For accounting purposes, this amount has been designated as contributions by owners.

## EXPENSES FOR OUTCOME 1

<b>Outcome 1:</b> Contribute to a high quality higher education sector through streamlined and nationally consistent higher education regulatory arrangements; registration of higher education providers; accreditation of higher education courses; and investigation, quality assurance and dissemination of higher education standards and performance.	Budget*	Actual expenses 2015–16	Variation 2015–16
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
<b>Program 1.1: Regulation and Quality Assurance</b>			
Departmental expenses			
Departmental appropriation <sup>1</sup>	11,476	12,232	(756)
Expenses not requiring appropriation in the budget year	1,123	822	301
<b>Total for Program 1.1</b>	<b>12,599</b>	<b>13,054</b>	<b>(455)</b>
<b>Outcome 1 totals by appropriation type</b>			
Departmental expenses			
Departmental appropriation <sup>1</sup>	11,476	12,232	(756)
Expenses not requiring appropriation in the budget year	1,123	822	301
<b>Total expenses for Outcome 1</b>	<b>12,599</b>	<b>13,054</b>	<b>(455)</b>
	2015–16	2015–16	
Average staffing level (number)	60	55	(5)

\* Full-year budget, including any subsequent adjustment made to the 2015–16 budget at Additional Estimates.

<sup>1</sup> Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

## APPENDIX B: STAFFING PROFILE

As at 30 June 2016 TEQSA employed 26 APS and 27 executive level staff. All were located in Melbourne.

Of these employees:

- ▶ 67.9 per cent were female and 32.1 per cent were male
- ▶ 94.3 per cent were ongoing employees with 5.7 per cent non-ongoing.
- ▶ at 30 June 2016 and in the preceding year, TEQSA had no ongoing or non-ongoing staff that identified as Indigenous.

TEQSA does not currently have any SES level staff.

**Table B.1: Full-time and part-time, and ongoing and non-ongoing employees by gender**

		FEMALE		MALE		GRAND TOTAL
		Ongoing	Non Ongoing	Ongoing	Non Ongoing	
<b>EL2</b>	<b>Full-time</b>	3	0	4	0	7
	<b>Part-time</b>	1	0	0	0	1
<b>EL1</b>	<b>Full-time</b>	10	1	6	0	17
	<b>Part-time</b>	2	0	0	0	2
<b>APS6</b>	<b>Full-time</b>	12	1	5	0	18
	<b>Part-time</b>	1	0	0	0	1
<b>APS5</b>	<b>Full-time</b>	3	0	0	0	3
	<b>Part-time</b>	1	0	0	0	1
<b>APS4</b>	<b>Full-time</b>	0	0	1	1	2
	<b>Part-time</b>	1	0	0	0	1
<b>Totals</b>		<b>34</b>	<b>2</b>	<b>16</b>	<b>1</b>	<b>53</b>

NB: Includes all ongoing and non-ongoing (active and long term leave).

Excludes Chief Commissioner, Commissioners, CEO and contractors.

**Table B.2: Salaries in \$A available to TEQSA APS staff from commencement of the 2012–2014 TEQSA Enterprise Agreement.**

EL2	EL1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	AGE RATES
139,305	108,997	88,194	76,268	69,100	61,868	56,678	49,513	(20 yrs) 41,210
130,438	103,516	82,811	72,859	66,414	59,398	55,631	45,284	(19 yrs) 36,682
123,067	100,989	80,201	71,340	64,608		53,187		(18 yrs) 31,699
116,051	98,619							(Under 18) 27,170

## SES REMUNERATION

TEQSA has no current SES employees. Remuneration for any future SES employees would be based on their skills and experience.

## APPENDIX C: FREEDOM OF INFORMATION

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement appears in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display a plan on its website showing what information it publishes in accordance with the IPS requirements.

In accordance with these IPS requirements, an agency plan indicating published information is accessible from TEQSA's website at <<http://teqsa.gov.au/about/information-publication-scheme>>.

## APPENDIX D: ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The information provided is in accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*. TEQSA is committed to progressing towards a sustainable future and continued improvement in reducing negative impacts on the environment.

In 2015–16 TEQSA has complied with environmental initiatives, participating in recycling initiatives offered by the 530 Collins St building management. This comprises paper, cardboard, co-mingled organic matter and hard waste recycling; e-waste recycling; and battery recycling. TEQSA is committed to reducing contamination of waste streams and reducing its general waste stream. TEQSA provides all staff with individual under-desk, co-mingled recycling bins.

TEQSA also continued its commitments to other recycling initiatives not provided by building management, including printer toner and waste cartridge recycling.

TEQSA encourages staff involvement in environmental initiatives, including Earth Hour on 19 March 2016.

## APPENDIX E: ADVERTISING AND MARKET RESEARCH

TEQSA did not conduct any advertising campaigns during 2015-16.

## APPENDIX F: WORKPLACE HEALTH AND SAFETY

TEQSA is committed to safeguarding the health, safety and welfare of staff and visitors and to preventing occupational injury. TEQSA has a Workplace Health and Safety (WH&S) Committee that includes representatives from management and staff. TEQSA provides staff with access to an Employee Assistance Program and annual flu vaccinations.

TEQSA also implements a Disability Action Plan, a Multicultural Plan and a Diversity Program to support staff wellbeing.

No reportable WH&S incidents occurred during 2015–16 and TEQSA was not required to give any notices under the *Work Health and Safety Act 2011* (Cwlth).

TEQSA is committed to preventing serious and long-term injuries through early intervention strategies, support for staff and case management.

## APPENDIX G: COMPLAINTS HANDLING

### COMPLAINTS ABOUT HIGHER EDUCATION PROVIDERS

TEQSA monitors the compliance of higher education providers with the TEQSA Act and a set of quality standards, known as the Higher Education Standards Framework.

TEQSA's website <[www.teqsa.gov.au/complaints](http://www.teqsa.gov.au/complaints)> provides information for the public on options for making a complaint about a registered higher education provider. This website includes links to Commonwealth and state and territory ombudsman offices.

The website states that any complaints TEQSA receives in writing about a provider are retained and considered when it assesses if a provider is meeting its obligations under the TEQSA Act and the Higher Education Standards Framework. TEQSA also assesses any complaints about a provider in relation to possible false or misleading statements about its registration and accreditation status. The website makes clear the circumstances under which TEQSA may be unable to address a complaint.

TEQSA receives complaints about higher education providers through its complaints inbox <[Complaints@teqsa.gov.au](mailto:Complaints@teqsa.gov.au)>, enquiries inbox and through formal correspondence.

In accordance with TEQSA's Service Charter, TEQSA endeavours to respond within five business days of receiving a complaint.

### COMPLAINTS ABOUT TEQSA

When a complaint is received about TEQSA itself, the Complaints Officer consults with the appropriate senior staff member or Commissioner while investigating the matter and when preparing a response.

## APPENDIX H: DISABILITY REPORTING

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been replaced by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at <[www.dss.gov.au](http://www.dss.gov.au)>.

### TEQSA'S DISABILITY ACTION PLAN

TEQSA's Disability Action Plan sets out the Agency's commitment to the inclusion, support and engagement of people with a disability. It aims to promote the equitable participation of staff with a disability in the workplace and to remove barriers and provide improved access and services to people with a disability.

The plan focuses on four key priority areas:

- ▶ physical accessibility
- ▶ technological accessibility
- ▶ employment
- ▶ communication and community engagement.

The plan was developed in accordance with the provisions of the *Disability Discrimination Act 1992* and was informed by the National Disability Strategy 2010–2020. It can be found at <<http://teqsa.gov.au/sites/default/files/DisabilityActionPlan.pdf>>.



## SECTION 7:

# INDICES AND REFERENCES



- ACRONYMS AND ABBREVIATIONS
- GLOSSARY OF TERMS
- COMPLIANCE INDEX
- ALPHABETICAL INDEX

## ACRONYMS AND ABBREVIATIONS

ACPET	Australian Council for Private Education and Training	MOU	Memorandum of Understanding
APS	Australian Public Service	PBS	Portfolio Budget Statements
AQF	Australian Qualifications Framework	PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
ASQA	Australian Skills Quality Authority	QAA	Quality Assurance Agency
CEO	Chief Executive Officer	QACHE	Quality Assurance of Cross Border Higher Education
Cwlth	Commonwealth	QBB	Quality Beyond Boundaries
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students	QILT	Quality Indicators for Learning and Teaching
ELICOS	English Language Intensive Courses For Overseas Students	SAA	Self-accrediting authority
ESOS	Education Services for Overseas Students	SES	Senior Executive Service
ESOS Act	<i>Education Services for Overseas Students Act 2000</i>	SME	Small and Medium Enterprises
FOI Act	<i>Freedom of Information Act 1982</i>	SMT	Senior Management Team
HEIMS	Higher Education Information Management System	TAFE	Tertiary and Further Education
HITS	HELP IT System	TEQSA	Tertiary Education Quality and Standards Agency
IPS	Information Publication Scheme	TEQSA Act	<i>Tertiary Education Quality and Standards Agency Act 2011</i>
		WH&S	Workplace Health and Safety

## GLOSSARY OF TERMS

### AUSTRALIAN SKILLS QUALITY AUTHORITY (ASQA)

The Australian Skills Quality Authority (ASQA) is the national regulator for Australia's vocational education and training sector. ASQA regulates courses and training providers to ensure nationally approved quality standards are met.

### AUSTRALIAN QUALIFICATIONS FRAMEWORK (AQF)

The Australian Qualifications Framework (AQF) is Australia's national policy for regulated qualifications.

The AQF encompasses higher education, vocational education and training, and school education. It provides for national recognition and a consistent understanding of what defines each qualification type.

The Qualification Standards enshrined in the TEQSA Act strongly reflect the AQF, which requires awards issued to be quality assured, protected against fraudulent use and to serve as pathways for further learning. The Qualification Standards incorporate, by reference, the following AQF policy documents: AQF Levels Criteria and AQF Qualification Type Descriptors; AQF Qualifications Issuance Policy; AQF Qualifications Pathways Policy; AQF Qualifications Register Policy; and AQF Qualification Type Addition and Removal Policy. These documents are available at <[www.aqf.edu.au](http://www.aqf.edu.au)>.

### CORE+

Core+ model of assessment, providers with a sound history of higher education delivery and no significant compliance or risk concerns benefit from a reduced scope of assessment (requiring less evidence and information at the time of application) compared to those with a limited track record of higher education delivery or with compliance or risk concerns. The model allows applicants to address a sub-set of quality standards and provide a minimum core of evidence relating to the standards.

Any extension beyond the core set of standards (the +) is based on risk. The Core+ model was introduced for assessment of renewal of registration applications in late 2013 and for course accreditations in September 2015.

### COMMONWEALTH REGISTER OF INSTITUTIONS AND COURSES FOR OVERSEAS STUDENTS (CRICOS)

Commonwealth Register of Institutions and Courses for Overseas Students is the official Australian Government website that lists all Australian education providers offering courses to people studying in Australia on student visas and the courses offered. CRICOS is a searchable database managed by Department of Education and Training under the ESOS legislative framework. It provides details of Australian education institutions approved to recruit, enrol and deliver education and training services to overseas students and details of the courses that they deliver. TEQSA is responsible for assessing applications for inclusion on the CRICOS and for approving the registration of a provider on CRICOS. The database can be searched by course or provider name/number and can be accessed at <[www.cricos.education.gov.au](http://www.cricos.education.gov.au)>.

### DEPARTMENT OF EDUCATION AND TRAINING

The Australian Government Department of Education and Training is responsible for national policies and programs that help Australians access quality early childhood education, school education, higher education, vocational education and training, international education and research.

### ENGLISH LANGUAGE INTENSIVE COURSES FOR OVERSEAS STUDENTS (ELICOS)

English Language Intensive Courses for Overseas Students are courses offered to students studying in Australia on student visas. 'Intensive' denotes full-time study comprising a minimum of 20 scheduled course contact hours per week of face-to-face classes of English language instruction.

## EDUCATION SERVICES FOR OVERSEAS STUDENTS (ESOS)

The *Education Services for Overseas Students (ESOS) Act 2000* (the ESOS Act) and the associated legislation form the legal framework governing delivery of education to overseas students studying in Australia on a student visa. The framework sets out clear roles and responsibilities for providers of education and training to international students and complements Australia's student visa laws. On 29 January 2012, TEQSA assumed responsibility for regulating international education for higher education under the ESOS Act.

## GOVERNMENT ACCREDITATION AUTHORITY

Government Accreditation Authorities referred to state and territory government accrediting authorities for higher education responsible for accrediting AQF qualifications and authorising non-self-accrediting higher education institutions to issue them. Their functions are now conducted by TEQSA.

## HIGHER EDUCATION PROVIDER

Higher education provider is defined in the TEQSA Act and means:

- (a) a constitutional corporation that offers or confers a regulated higher education award, or
- (b) a corporation that:
  - (i) offers or confers a regulated higher education award
  - (ii) is established by or under a law of the Commonwealth or a Territory
- (c) a person who offers or confers a regulated higher education award for the completion of a course of study provided wholly or partly in a Territory.

## HIGHER EDUCATION STANDARDS FRAMEWORK

*Higher Education Standards Framework (Threshold Standards) 2011* (2011 HE Standards Framework) are defined as:

- (a) the Provider Standards, which are:
  - (i) the Provider Registration Standards
  - (ii) the Provider Category Standards
  - (iii) the Provider Course Accreditation Standards
- (b) the Qualification Standards.

Further information can be found at <<https://www.comlaw.gov.au/Details/F2013C00169>>.

## HIGHER EDUCATION STANDARDS PANEL

The Higher Education Standards Panel is responsible for developing and monitoring the Higher Education Standards Framework. Panel members are appointed by the (then) Minister for Tertiary Education, in consultation with the (then) Commonwealth Minister for Research.

## HIGHER EDUCATION SUPPORT ACT 2003 (HESA)

The Act provides for the Commonwealth Government to give financial support for higher education and certain vocational education and training through: (a) grants and other payments made largely to higher education providers; and (b) financial assistance to students (usually in the form of loans).

## MATERIAL CHANGE

Under subsection 29(1) of the TEQSA Act, it is a condition of registration that TEQSA is notified of events that happen, or are likely to happen, that will either: a) significantly affect the provider's ability to meet the Higher Education Standards Framework; or b) require updating the provider's entry on the National Register of Higher Education Providers.

## NATIONAL CODE

The National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code) provides nationally consistent standards for the conduct of registered providers and the registration of their courses. These standards set out specifications and procedures to ensure that registered providers of education and training courses can clearly understand and comply with their obligations under the National Code.

National Protocols for Higher Education Approval Processes (National Protocols), developed in 2000 and revised in 2007, were a key element of the national quality assurance framework for Australian higher education. The National Protocols were drafted as guidelines rather than standards and did not contain measures of performance. Aspects of the National Protocols were incorporated into the 2011 Higher Education Standards Framework.

## TEQSA CASE MANAGERS

TEQSA case managers are managers employed in the regulation and review area of TEQSA who manage activities relating to a higher education provider, through communication and cooperation with provider contacts.

## PROVIDER CATEGORY

Provider category relates to a category of provider as listed in the Provider Category Standards, available at <<https://www.comlaw.gov.au/Details/F2013C00169>>.

## NATIONAL REGISTER

The National Register of Higher Education Providers (National Register) was established and is maintained under section 198 of the TEQSA Act.

## REGISTERED HIGHER EDUCATION PROVIDER

This term refers to a higher education provider registered under Part 3 of the TEQSA Act and listed on the Register under paragraph 198(1)(a) of the Act.

## REGULATORY RISK

In the context of TEQSA's quality assurance and regulatory operations, regulatory risk refers to actual or potential risk events (regarding a provider's operations and performance) that indicate that the provider may not meet the Higher Education Standards Framework (either currently or in the future).

## RISK ASSESSMENT

The term risk assessment captures the overall process of risk identification, risk analysis and risk evaluation.

## RISK ASSESSMENT FRAMEWORK

The Risk Assessment Framework outlines TEQSA's approach to undertaking structured risk assessments of registered higher education providers. Risk assessments play a key role in TEQSA's risk-based quality assurance and regulation of the sector by helping to prioritise TEQSA's regulatory focus.

## TEQSA STAKEHOLDER SURVEY

### 2015–16

In July 2016, TEQSA undertook a sector-wide survey for 2015–16, to increase TEQSA's accountability, better understand its impact on higher education providers, and improve its performance. The assessment was against the key performance indicators outlined in TEQSA's Regulator Performance Framework 2015–16. The operational head (e.g., the Vice Chancellor or CEO) and principal contact for all Higher Education providers (those registered as well as those who have submitted initial registration applications) were independently invited to participate in the survey, as were relevant peak, professional and student bodies.

## COMPLIANCE INDEX

This table indicates the location of information provided in accordance with section 17AJ(d) of the PGPA Act. References in the first column of the Compliance index are to the relevant paragraph in the PGPA Act.

**Table 11: List of requirements**

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AD(g)	<b>Letter of transmittal</b>			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	I
17AD(h)	<b>Aids to access</b>			
17AJ(a)		Table of contents.	Mandatory	II
17AJ(b)		Alphabetical index.	Mandatory	117-121
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	105-7
17AJ(d)		List of requirements.	Mandatory	108-16
17AJ(e)		Details of contact officer.	Mandatory	Inside front cover
17AJ(f)		Entity's website address.	Mandatory	Inside front cover
17AJ(g)		Electronic address of report.	Mandatory	Inside front cover
17AD(a)	<b>Review by accountable authority</b>			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1-3
17AD(b)	<b>Overview of the entity</b>			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	5-8
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	9-12

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AE(1)(a)(iii)		A description of the outcomes and programs administered by the entity.	Mandatory	8
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	9
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory	n/a
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	n/a
17AD(c)	<b>Report on the Performance of the entity</b>			
<b>ANNUAL PERFORMANCE STATEMENTS</b>				
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	15–36
17AD(c)(ii)	<b>Report on Financial Performance</b>			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	39
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	98

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	39
17AD(d)	<b>Management and Accountability</b>			
	<b>CORPORATE GOVERNANCE</b>			
17AG(2)(a)		Information on compliance with section 10 (fraud systems).	Mandatory	43
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	I
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	I
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	I
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	41–3

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1) (e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory	n/a
<b>EXTERNAL SCRUTINY</b>				
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	43
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	n/a
17AG(3)(b)		Information on any reports on operations of the entity by the AuditorGeneral (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	n/a
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	n/a
<b>MANAGEMENT OF HUMAN RESOURCES</b>				
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	44–45

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AG(4)(b)		<p>Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following:</p> <ul style="list-style-type: none"> <li>▶ Statistics on staffing classification level;</li> <li>▶ Statistics on fulltime employees;</li> <li>▶ Statistics on parttime employees;</li> <li>▶ Statistics on gender;</li> <li>▶ Statistics on staff location;</li> <li>▶ Statistics on employees who identify as Indigenous.</li> </ul>	Mandatory	99
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	44–45
17AG(4)(c)(i)		Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AD(4)(c).	Mandatory	44
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	99
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	44
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	n/a
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	n/a

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory	n/a
<b>ASSETS MANAGEMENT</b>				
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	n/a
<b>PURCHASING</b>				
17AG(6)		An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	45
<b>CONSULTANTS</b>				
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	46

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
17AG(7)(b)		A statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].”	Mandatory	46
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	46
17AG(7)(d)		A statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”	Mandatory	46

#### AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

17AG(8)	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	n/a
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PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
<b>EXEMPT CONTRACTS</b>				
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	n/a
<b>SMALL BUSINESS</b>				
17AG(10)(a)		A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory	46
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	45
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature — a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory	n/a

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE NUMBER
<b>FINANCIAL STATEMENTS</b>				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	51–95
17AD(f)		<b>Other Mandatory Information</b>		
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory	n/a
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	101
17AH(1)(b)		A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory	n/a
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	102
17AH(1)(d)		Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	Back cover
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory	n/a
17AH(2)		Information required by other legislation.	Mandatory	n/a

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